United Nations E/CN.18/2011/10

Economic and Social Council

Distr.: General
15 November 2010

Original: English

United Nations Forum on Forests
Ninth session
New York, 24 January-4 February 2011
Item 10 of the provisional agenda*
Enhanced cooperation and policy and programme coordination, including the provision of further guidance to the Collaborative Partnership on Forests

Enhanced cooperation and policy and programme coordination

Report of the Secretary General

Summary

The present report on enhanced cooperation provides a brief overview of the activities undertaken since the eighth session of the United Nations Forum on Forests related to enhanced cooperation and policy and programme coordination on forest-related issues among relevant forest-related international and regional organizations, institutions and instruments, including the Collaborative Partnership on Forests.

The report is intended to facilitate the deliberations of Member States at the ninth session of the United Nations Forum on Forests in relation to cross-sectoral policy and programme coordination. It highlights further possibilities for cooperation in the context of the overall theme of the ninth session of the United Nations Forum on Forests, "Forests for people, livelihoods and poverty eradication", the non-legally binding instrument on all types of forests and the four global objectives on forests.

* E/CN.18/2011/1.

10-63784 (E) 081210

Please recycle

Contents

		Page
I.	Introduction	3
II.	System-wide cooperation and policy and programme coordination	3
III.	Cooperation with multilateral environmental agreements, United Nations programmes, multilateral financial mechanisms and other international entities	5
IV.	Stakeholder involvement	9
V.	Country-led and organization-led initiatives in support of the Forum	10
VI.	Cooperation with regional and subregional partnerships and processes	12
VII.	Issues for further consideration	12
Annex		
	Draft guidelines for country-led, organization-led, region-led and major group-led initiatives in support of One United Nations Forum on Forests	14

I. Introduction

1. The United Nations Forum on Forests decided, through its resolution 1/1, to address enhanced cooperation and policy and programme coordination at each session. The present report builds on the structure of past reports and provides a brief overview of the activities undertaken since the eighth session of the United Nations Forum on Forests related to enhanced cooperation and policy and programme coordination on forest-related issues among relevant forest-related international and regional organizations, institutions and instruments, in particular the Rio Conventions and the Collaborative Partnership on Forests. The report highlights further possibilities for cooperation in the context of the overall theme of the ninth session of the United Nations Forum on Forests, "Forests for people, livelihoods and poverty eradication", the non-legally binding instrument on all types of forests and the four global objectives on forests.

II. System-wide cooperation and policy and programme coordination

A. Economic and Social Council and the General Assembly

2. Within the reform process of the United Nations aimed at improving system-wide coordination and coherence, the General Assembly, in its resolution 61/16 on the strengthening of the Economic and Social Council, decided that the Council should hold annual ministerial-level reviews as part of its high-level segment, and requested it to consider launching a development cooperation forum on the implementation of the internationally agreed development goals, including the Millennium Development Goals. The themes for the 2009 and 2010 annual ministerial reviews of the Council were "implementing the internationally agreed goals and commitments in regard to global public health", and "implementing the internationally agreed goals and commitments in regard to gender equality and the empowerment of women", respectively.

3. The secretariat of the Forum contributed substantively to the preparation of the annual ministerial reviews in 2009 and 2010, by providing relevant United Nations Forum on Forests decisions and information for inclusion in the official documents of the reviews. In addition, the Chair of the Bureau of the ninth session of the Forum and the Forum secretariat participated in the annual joint meeting of the Economic and Social Council Bureau and the Chairpersons of the functional commissions held in January 2010 in New York and provided the Forum's contributions to the theme of the 2010 annual ministerial review on gender equality and empowerment of women. Other issues discussed during that meeting included enhancing cooperation and coherence between the Council and its functional commissions. The Chair of the Bureau of the ninth session of the Forum emphasized the importance of mutually beneficial cooperation between the Economic and Social Council and its functional commissions, through which key issues of concern to the latter are also reflected in the Council outcomes.

B. High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals

4. The High-level Plenary Meeting of the General Assembly held in September 2010 reviewed the progress made towards the achievement of the Millennium Development Goals, and received high-level political attention from Governments. The Forum secretariat contributed to the preparation of the report of the Secretary-General and other relevant documents for the Meeting. The secretariat of the Forum also provided substantive contributions to the background papers for the various round tables, in particular, to the one on sustainable development, in an effort to highlight the role of forests in achieving the Millennium Development Goals. In order to accelerate progress towards achieving Goal 7, Governments committed themselves to strengthening political commitment and action at all levels to effectively implement the global objectives on forests and the sustainable forest management of all types of forests in order to reduce the loss of forest cover and improve the livelihoods of those that depend on forests through the development of a comprehensive and more effective approach to financing activities. The involvement of local and indigenous communities and other relevant stakeholders, the promotion of good governance at the national and international levels, and enhancement of international cooperation to address the threats posed by illicit activities were also linked to progress towards achieving Goal 7.

C. Functional commissions of the Economic and Social Council and the regional commissions

Activities of the secretariat of the Forum in the Department of Economic and Social Affairs

5. The Forum secretariat continued to participate actively in the intra-departmental activities of the Department of Economic and Social Affairs and co-chaired the departmental Working Group on climate change, the Task Force on Conflict Prevention, Peacebuilding and Development, the Task Force on Indigenous Issues, and the task force on the 2012 United Nations Conference on Sustainable Development (Rio+20) preparatory process. The secretariat contributes each year to the consolidated report of the Secretary-General on the work of the functional commissions of the Economic and Social Council, and provides information and policy recommendations relevant to the themes being considered by the Council. The secretariat also prepared two policy briefs, entitled "Finance for forests and climate change" and "Forests: the green and REDD of climate change".[1]

D. United Nations Permanent Forum on Indigenous Issues

6. The secretariat of the United Nations Forum on Forests and the Permanent Forum on Indigenous Issues continued to work together; the secretariat participates in the Inter-Agency Support Group on indigenous peoples as well as the Task Force on Indigenous Issues. It contributed to the ninth session of the Permanent Forum on

[1] Available at http://www.un.org/esa/policy/policybriefs/policybrief15.pdf and at http://www.un.org/esa/policy/policybriefs/policybrief16.pdf.

Indigenous Issues (April 2010), and participated in a panel discussion on indigenous peoples and forests highlighting the contributions made by indigenous peoples in the sustainable forest management and opportunities offered by the non-legally binding instrument on all types of forests for gaining high political attention to forests and indigenous peoples. The statement adopted by the panel is being transmitted to the ninth session of the United Nations Forum on Forests. The Indigenous Peoples' major group plays an active part in the multi-stakeholder dialogues of the Forum.

III. Cooperation with multilateral environmental agreements, United Nations programmes, multilateral financial mechanisms and other international entities

7. At its eighth session, the Forum invited the governing bodies of member organizations of the Collaborative Partnership on Forests, in particular the Conference of the Parties to the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, and the United Nations Framework Convention on Climate Change to continue to integrate, as appropriate, sustainable forest management in their strategies. The Forum invited member organizations of the Collaborative Partnership on Forests to support, within their capacities, consistent with their mandates and upon request, South-South cooperation with initiatives concerning sustainable forest management, including through convening workshops and providing technical assistance, subject to available resources. It encouraged Member States to strengthen coordination, in particular among their national focal points for the Forum, the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, the United Nations Framework Convention on Climate Change and the Ramsar Convention on Wetlands, to facilitate the implementation of sustainable forest management at the national and other applicable levels; and to share experiences at the ninth session of the Forum. There has been active cooperation with relevant international organizations within and outside the United Nations system relevant to the forest sector.

8. During its eighth session, the Forum also requested its secretariat to explore with the secretariats of the Rio Conventions a format and opportunities for collaboration and cooperation and to develop targeted joint activities related to the International Year of Forests (Forests 2011) and to report on progress thereon to the Forum at its ninth session. The Forum secretariat is working in collaboration with United Nations programmes, secretariats of the Rio Conventions and other international entities on initiatives to celebrate Forests 2011. An overview of those activities is contained in the report of the Secretary-General on the International Year of Forests (E/CN.18/2011/7).

9. At its eighth session, the Forum noted in particular the opportunities for cooperation and coordination provided by the Conference of the Parties to the United Nations Convention to Combat Desertification (Buenos Aires, September 2009), the United Nations Framework Convention on Climate Change (Copenhagen, December 2009) and the Convention on Biological Diversity (Nagoya, Japan, October 2010). The Forum secretariat participated actively in those meetings and continued to be actively engaged in collaborative work.

A. Conference of the Parties to the United Nations Convention to Combat Desertification

10. The secretariats of the Forum and of the United Nations Convention to Combat Desertification signed a memorandum of understanding that was aimed at identifying gaps, obstacles and opportunities in financing sustainable land management and sustainable forest management, and focusing on expanding the implementation of sustainable forest management beyond tropical rainforests to include dry forests and trees outside forests.

11. The Forum secretariat participated in the ninth session of the Conference of the Parties to the United Nations Convention to Combat Desertification, which was held in Buenos Aires in September 2009, and actively participated in the high-level segment, including by facilitating a panel discussion. The Forum secretariat also initiated collaboration with the United Nations Convention to Combat Desertification secretariat and other partners on land degradation activities, under the auspices of the Environment Management Group.

B. United Nations Framework Convention on Climate Change

12. The Forum secretariat participated in the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, which was held in December 2009 in Copenhagen. During the Conference of the Parties, the Forum secretariat and the Centre for International Forest Research (CIFOR), a member organization of the Collaborative Partnership on Forests, jointly organized, with other members of the Partnership, the third Forest Day, in which close to 1,600 representatives from Governments, the scientific and academic community and major group organizations participated. Three subplenary sessions discussed mitigation, adaptation and degradation, and eight parallel learning events discussed other issues related to forests and climate change. A summary statement was prepared on the basis of responses from participants to a series of questions posed at the subplenary sessions, and was presented to the secretariat of the United Nations Framework Convention on Climate Change.

13. Collaboration in the context of the United Nations Framework Convention on Climate Change continued during the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing, held in Nairobi in September 2010, with participation by the secretariat of the Convention, which made a presentation on forest financing. The Forum secretariat continues to be actively involved with other members of the Collaborative Partnership on Forests and co-hosted the fourth Forest Day in Cancún, Mexico, during the sixteenth Conference of the Parties to the United Nations Framework Convention on Climate Change.

C. Convention on Biological Diversity

14. The tenth meeting of the Conference of the Parties to the Convention on Biological Diversity was held in Nagoya, Japan, in October 2010. At the Conference, member States adopted three interlinked goals: a new Convention on Biological Diversity Strategic Plan for the period 2011-2020, a decision on activities

and indicators for the implementation of a resource mobilization strategy; and the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization. The Strategic Plan of the Convention on Biological Diversity or the "Aichi Target", includes 20 headline targets arranged under five strategic goals. Among the targets related to forests, Member States agreed to at least halve and, where feasible, bring close to zero the rate of loss of natural habitats, including forests, and to restore at least 15 per cent of degraded areas through conservation and restoration efforts. The "Aichi Target" is meant to offer a framework on biodiversity for the entire United Nations system.

15. The tenth Conference of the Parties to the Convention on Biological Diversity also adopted several forest-related agenda items, including on forest biodiversity, protected areas and the sustainable use of biodiversity. Cooperation between both secretariats was discussed under the item on forest biodiversity and focused on the framework of collaboration between the secretariats of the Forum and the Convention on Biological Diversity and the memorandum of understanding that they both signed in 2009. Collaboration between both secretariats will contribute to advancing the implementation of the programme of work of the Convention on Biological Diversity on forest biological diversity and the implementation of the non-legally binding instrument on all types of forests. Member States agreed to support joint capacity-building activities in forest biodiversity and climate change by the two secretariats, to promote regional cooperation, including South-South cooperation on forests, and to streamline forest-related reporting, in cooperation with the Collaborative Partnership on Forests. The Conference also underscored the unique opportunities for raising awareness on forest biodiversity during the International Year of Forests and encouraged donors to fund Forests 2011-related activities and a joint staff position to be based at the Forum secretariat.

D. Food and Agriculture Organization of the United Nations

16. Close cooperation and coordination between the Forum secretariat and the Food and Agriculture Organization of the United Nations (FAO), especially the Forestry Department, continued. The Forum secretariat participated in the twentieth session of the Committee on Forestry, held at FAO headquarters in Rome in October 2010, and presented messages from the Forum's Open-ended Intergovernmental Ad Hoc Expert Group on Forest Finance. The Ad Hoc Expert Group called for close collaboration with FAO and the National Forest Policy Facility to develop and implement national forest policy and legislation on financing for forests. The Committee on Forestry invited the Forum to use the results of Global Forest Resources Assessment for 2010 and 2015 as a tool for measuring progress towards sustainable forest management. The secretariat of the United Nations Forum on Forests invited FAO to collaborate with members of the Collaborative Partnership on Forests on forest financing in support of the work of the Ad Hoc Expert Group. In preparation for the 2012 United Nations Conference on Sustainable Development (Rio+20), the Committee on Forestry recommended that Member States and FAO highlight the contributions of forests to the global developmental agenda at the ninth session of the Forum so as to increase their visibility at the global level, as well as actively participate in the International Year of Forests.

E. United Nations Environment Programme and the Global Environment Facility

17. At its eighth session, the Forum recognized the special needs and requirements of countries with fragile ecosystems, including those of small island developing States and low forest cover countries. At the special session of its ninth session, held in October 2009, the Forum, by its resolution on the means of implementation for sustainable forest management, decided to establish a facilitative process on forest financing. The Forum secretariat, in cooperation with the United Nations Environment Programme (UNEP), developed a facilitative process initiative to identify gaps, obstacles and opportunities in financing sustainable forest management in targeting small island developing States and low forest cover countries. The project is the fruit of collaboration between the Forum secretariat, as the executing agency, and UNEP, as the implementing agency. The two organizations signed a letter of agreement in Nairobi in September 2010 to design and implement the project together, with funding from the Global Environment Facility (GEF). Components II and III of the project are currently being designed in close cooperation with UNEP. Component II will consist of four international workshops (two in small island developing States and two in low forest cover countries) in which stakeholders will be able to discuss the findings from the initial work and become more closely engaged with the project. Component III will consist of a revision of the analyses, together with a communications strategy to reach out to all forest financing stakeholders.

18. GEF agreed to a US$ 1 million grant for the implementation of components II and III of the project, giving life to the facilitative process on forest financing that aims to assist countries in mobilizing funds for forests. GEF and the Forum secretariat aim to continue collaborating closely in the near future, especially since GEF has recently created a new window of funding specifically for sustainable forest management and reducing emissions from deforestation and forest degradation, plus conservation (REDD-plus).

F. International Tropical Timber Organization

19. The Forum secretariat continues to work in close cooperation with the International Tropical Timber Organization (ITTO). A senior ITTO staff member was seconded to the Forum secretariat for a 12-month period to facilitate cooperation between the Forum and ITTO. In order to take cooperation to the next stage, ITTO and the Forum secretariat are entering into a memorandum of understanding to provide a framework to enhance cooperation and collaboration between the two secretariats in order to facilitate the implementation of the non-legally binding instrument on all types of forests and the multi-year programme of work of the Forum as well as the ITTO action plans, biennial work programmes and thematic programmes. The memorandum of understanding will cover the period 2010-2015 and focus on: (a) collaborating in raising awareness of the important links between forests and the environment, employment creation, poverty reduction and the achievement of the internationally agreed development goals, including the Millennium Development Goals; (b) working cooperatively to gain a better understanding of the potential contribution of the forest sector to the green economy and develop appropriate tools to support Governments, the private sector and

communities, in particular; (c) utilizing the International Year of Forests, 2011, to highlight the links between forests and sustainable development; (d) continuing to second an ITTO staff/consultant to the secretariat of the United Nations Forum on Forests, to perform the functions of Principal Trade Officer for a period of two years (2011-2013).

20. At its eighth session, the Forum agreed to develop a strategy to promote North-South, South-South cooperation, including triangular cooperation, on sustainable forest management, while noting that South-South cooperation was not a substitute for, but rather a complement to, North-South cooperation. Accordingly, in December 2009, the Forum secretariat, in collaboration with ITTO, organized a two-day brainstorming workshop aimed at identifying basic elements for a strategy on North-South, South-South and triangular cooperation on sustainable forest management for consideration by the Forum at its ninth session. A total of 23 participants from 15 countries and 4 international and national organizations participated in the workshop.

21. The workshop examined, among other issues, the basic building blocks for cooperation on sustainable forest management, the existing regional and subregional institutional arrangements between countries, such as the Association of Southeast Asian Nations, the Central African Forest Commission and the Southern African Development Community initiatives. These entities, in particular, were highlighted for having thus far played a critical role in facilitating discussions and sharing experiences on sustainable forest management, thereby improving the likelihood of success for cooperation. Other issues covered in the workshop included elements for cooperation and an outline on a cooperation strategy; and the different types of cooperation in the context of sustainable forest management, the non-legally binding instrument on all types of forests and the global objectives on forests. It discussed the process towards finalizing the strategy for North-South, South-South and triangular cooperation on sustainable forest management was discussed at the workshop and it was emphasized that the process had to be open and transparent and the need for further engagement of as many member States as possible after the first consultative/workshop meeting.

G. International Year of Forests

22. The Forum secretariat has continued to actively engage Member States, members of the Collaborative Partnership on Forests, regional arrangements and major groups in the preparations for the launch and observance of the International Year of Forests, 2011. The Forum's cooperation with those organizations and entities is contained in the report of the Secretary-General on the International Year of Forests (E/CN.18/2011/7).

IV. Stakeholder involvement

23. Stakeholder participation in the Forum on Forests process continues to be important. During its eighth session, the Forum encouraged Member States and requested the Forum secretariat to explore ways to increase the participation of stakeholders and civil society, including indigenous and other local and forest-

dependent communities, and other holders of traditional forest-related knowledge, in future sessions of the Forum.

24. The Forum secretariat organized regular consultations with focal points of major groups throughout 2009 and 2010, in preparation for the current session. Representatives of major groups presented their perspectives at a panel discussion entitled "Forests, women and fuelwood" at the eighth session of the Forum. The representatives also contributed significantly to the work of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing convened in Nairobi in September 2010. The major groups participated in the discussions in an open manner alongside the government experts and submitted their proposals and comments on the issues under discussion at the meeting of the Ad Hoc Expert Group.

25. As part of enhancing the role of stakeholders in the Forum and in advancing sustainable forest management, the major groups convened an initiative in support of the United Nations Forum on Forests in Accra, from 26 to 30 July 2010, which focused on applying sustainable forest management to poverty reduction and strengthening the multi-stakeholder approach within the Forum. The major group-led initiative provided an opportunity for representatives of major groups to actively develop coordinated and focused contributions and policy recommendations for the ninth session of the Forum. In the spirit of collaboration, the major groups decided to submit three joint discussion papers, reflecting their views on the three sub-themes for the ninth session of the Forum (E/CN.18/2011/9/Add.1-3), rather than to submit individual papers on each subject — a truly impressive feat of coordination.

V. Country-led and organization-led initiatives in support of the Forum

26. Country- and organization-led initiatives have served to further the work of the Forum. At its sixth session, the Forum recommended that country-led initiatives address issues identified in the multi-year programme of work. Further to this, at its seventh session, the Forum recommended that the convening of initiatives led by countries, organizations and regions in support of the work of the Forum focus on topical issues of the 2007-2015 multi-year programme of work. The initiatives have played a significant role in highlighting the work of the Forum and in providing valuable expert contributions for its consideration. The Forum secretariat has continued to actively provide input to and advice on all initiatives organized in support of the Forum.

27. At its eighth session, the Forum agreed to promote further and facilitate regional and subregional dialogue and cooperation on forests, including through country-led and region-led initiatives, to enhance regional and subregional contributions to the implementation of sustainable forest management and inputs to future sessions of the Forum within the framework of the multi-year programme of work. During the intersessional period between the eighth and ninth sessions, four initiatives in support of the Forum were held.

28. In November 2009, an international expert meeting entitled "Forests for people: the role of national forest programmes and the non-legally binding instrument on all types of forests: a country-led initiative in support of the United

Nations Forum on Forests", sponsored by China, Austria, Germany, Finland and the United States of America and supported by a number of international organizations, was held in Guilin, China. The expert meeting shared experiences and lessons learned in the use of national forest programmes to achieve sustainable forest management and as a means to implement the non-legally binding instrument on all types of forests to enhance the contribution of forests to people's well-being. It made a number of recommendations to the Forum for its consideration and stressed the need to strengthen international support mechanisms to facilitate implementation of the non-legally binding instrument on all types of forests and financing for sustainable forest management.

29. In July 2010, a multi-stakeholder workshop organized to support the United Nations Forum on Forests process, entitled "Applying sustainable forest management to poverty reduction: strengthening the multi-stakeholder approach within the United Nations Forum on Forests" was held in Accra. The workshop was aimed at enhancing the meaningful participation of major groups at the policymaking level and identifying strengths and weaknesses in the multi-stakeholder dialogue process associated with the Forum and creating specific recommendations for increasing its effectiveness. It recognized efforts by Member States and stakeholders to advance sustainable forest management through the Forum and to develop key recommendations linked to tenure rights, access and benefit-sharing, traditional forest-related knowledge, community-based forest enterprises, and leadership for sustainable forest management among women, indigenous peoples and other marginalized groups.

30. In September 2010, an expert workshop on "Forest governance and REDD in Latin America: emerging issues", held in Oaxaca, Mexico, sought to identify trends and facilitate the sharing of experiences and lessons learned on sustainable forest management, forest governance and decentralization in the light of REDD-plus; to identify opportunities and threats to livelihoods and poor people; and to contribute directly to the ninth session of the Forum. Key recommendations to the Forum included supporting the strengthening of the inclusion of local people, including indigenous peoples and women, in decision-making, benefit-sharing, and preservation of their cultural and social values through sustainable forest management and REDD-plus; and promoting synergies between climate change adaptation and mitigation in forests through sustainable forest management.

31. The United Nations Forum on Forests has benefited from these, as well as previous, initiatives hosted by countries and international organizations and major groups in support of its work. In the light of the experiences and lessons learned from initiatives led by countries, organizations and regions, and in order to help with even more targeted input to the work of the Forum, the Bureau of the ninth session of the Forum has developed draft guidelines for such initiatives for consideration by the Forum. These guidelines, which are annexed to the present report, are drawn from previous decisions and resolutions of the Economic and Social Council, the United Nations Forum on Forests and the Intergovernmental Forum on Forests.

VI. Cooperation with regional and subregional partnerships and processes

32. The Forum secretariat has continued to support and actively engage with regional and international processes, including the Asia Forest Partnership the Asia-Pacific Network for Sustainable Forest Management, the African Forest Forum, the Congo Basin Forest Partnership, the Montreal Process, the Amazon Cooperation Treaty Organization, the Tehran Process on low forest cover countries, the International Model Forest Network, a number of forest law enforcement and governance processes, the Forest Europe and other regional criteria and indicator-related processes. Information on the Forum's cooperation with regional and subregional partnerships and processes is contained in the report of the Secretary-General on regional and subregional inputs (E/CN.18/2011/3).

VII. Issues for further consideration

33. Enhanced cooperation and cross-sectoral policy and programme coordination play a vital role in the achievement of sustainable forest management, the implementation of the non-legally binding instrument on all types of forests and the attainment of the four global objectives on forests, in particular because of the existence of various instruments, institutions and programmes and processes relevant for forests.

34. In addressing linkages at the cross-sectoral international, regional, subregional and national levels, countries may wish to:

(a) **Request the Secretary-General to continue to address the relationship between forests and the internationally agreed development goals, including the Millennium Development Goals, at relevant international and regional meetings, including regional implementation meetings, within the context of sustainable economic, social and environmental development;**

(b) **Request the Secretary-General to continue to facilitate the incorporation of forest-related issues more effectively as part of the work of forest-related international and regional organizations, institutions and instruments to enable closer collaboration and work with those organizations and processes;**

(c) **Consider incorporating and strengthening activities related to observance of the International Year of Forests, 2011;**

(d) **Support major group initiatives on the role of civil society actors and the means of their engagement with the Forum and the implementation of the non-legally binding instrument on all types of forests in order to enhance stakeholder engagement in the Forum process;**

(e) **Consider, in addressing linkages at the regional and subregional levels, how the Forum can actively engage regional and subregional organizations in strengthening regional participation in forest-related activities.**

35. **The Collaborative Partnership on Forests provides critical support to the work of the Forum by enhancing cooperation and coordination among its member organizations. Further cooperation opportunities could be explored in**

advancing a common message on sustainable forest management based on the Collaborative Partnership on Forests Strategic Framework for Forests and Climate Change. The Partnership may wish to continue to strengthen collaborative activities with the Forum, including in:

(a) Implementing the Forum resolution on forest financing, by supporting the facilitative process developed by the Forum secretariat and the United Nations Environment Programme and exploring the possibility of cooperating in the implementation of components II and III of the facilitative process project;

(b) Continuing to provide a framework to enhance cooperation and collaboration between the Forum secretariat and the member organizations of the Collaborative Partnership on Forests to facilitate the implementation of the non-legally binding instrument on all types of forests and the multi-year programme of work of the Forum;

(c) Continuing to develop and implement targeted joint activities related to the observance of the International Year of Forests, 2011.

Annex

Draft guidelines for country-led, organization-led, region-led and major group-led initiatives in support of the United Nations Forum on Forests

I. Background

International expert meetings in support of the work of the United Nations Forum on Forests hosted by countries or others have made important and extremely significant contributions to the process. These initiatives are innovative and unique mechanisms of the intergovernmental forest policy process (the Intergovernmental Panel on Forests, the Intergovernmental Forum on Forests and the United Nations Forum on Forests) that have deepened the knowledge on important issues concerning sustainable forest management and international cooperation in that regard. The usefulness of such initiatives is evident from the recognition they have received for their contributions in achieving consensus, and from the increasing number of countries, organizations and major groups that have hosted such initiatives in recent years. In the light of the experiences and lessons learned from initiatives led by countries, organizations and regions, the Bureau of the ninth session of the United Nations Forum on Forests has developed guidelines for such initiatives of the Forum. These guidelines draw upon the previous guidelines contained in resolutions and decisions of the Economic and Social Council, the United Nations Forum on Forests and the Intergovernmental Forum on Forests.

II. Guidelines for country-led, organization-led, region-led and major group-led initiatives

The overall purpose of any country-led, organization-led and region-led initiative is to support the work of the United Nations Forum on Forests. Thus, such initiatives should be planned based on the following guidelines:

(a) These initiatives should support the multi-year programme of work for the agenda of the upcoming session in order to contribute substantively to the thematic focus of the upcoming session;

(b) These initiatives should be informal in nature, open-ended, transparent and participatory, open to participation by all member States of the Forum, as well as members of the Collaborative Partnership on Forests and representatives of major groups;

(c) Initiatives should strive for balanced representation from countries, reflecting a range of interests and views of all interested stakeholders; and particular attention should be paid to the participation of women;

(d) Interested Governments and organizations should announce their intention to convene such initiatives at the session of the United Nations Forum on Forests, showing a clear link to the next session and the expected input to its thematic focus;

(e) In the event the Forum does not learn of the intention for an initiative at a regular session, in the intervening period between the sessions, interested host

Governments and organizations should bring to the attention of the Bureau of the Forum their interest in convening an initiative;

(f) The secretariat will serve as a member of the Steering Committee for each initiative;

(g) The cost of such initiatives will be borne by the hosts, donors or provided from other sources; neither the regular United Nations budget nor the United Nations Forum on Forests Trust Fund will cover costs for such initiatives;

(h) The respective Bureau member from the region in which the initiative is being held, should be invited and should attend the Initiative;

(i) The travel and expenses of a minimum of one United Nations Forum on Forests secretariat member will be covered by the initiative for the preparatory process and the meeting itself;

(j) Such meetings of experts should submit a report for presentation to the Forum, conforming to its guidelines of the Forum;

(k) Based on final and summary reports received by the Secretary-General, a summary of country, regional, organization and major group-led initiatives, including financial expenditures, will be provided to the Forum at the time of its meeting.

United Nations E/CN.18/2011/11

Economic and Social Council

Distr.: General
8 November 2010

Original: English

United Nations Forum on Forests
Ninth session
New York, 24 January-4 February 2011
Item 10 of the provisional agenda*
Enhanced cooperation and policy and programme coordination, including the provision of further guidance to the Collaborative Partnership on Forests

Collaborative Partnership on Forests Framework 2009 and 2010

Information document

Summary

The present report highlights the joint and collaborative activities undertaken by the Collaborative Partnership on Forests since its last report (E/CN.18/2009/12). It also draws attention to new topics requiring the Partnership's collaborative analysis and action in 2011 and beyond. In this context, the report focuses on actions taken in support of the United Nations Forum on Forests, including the achievement of the four global objectives on forests, the non-legally binding instrument on all types of forests (forest instrument) and the International Year of Forests, 2011 (Forests 2011).

Since the previous report, the Partnership has continued to develop and expand its existing joint initiatives related to finance for sustainable forest management; forest degradation; forest-related reporting; forest-related terms and definitions; global forest expert panels; a Global Forest Information Service; and online publications.

* E/CN.18/2011/1.

10-62681 (E) 291110

Please recycle

Members of the Collaborative Partnership on Forests have also embarked on two new joint initiatives. The first draws on the expertise of its communication focal points to support Forests 2011 celebrations, as well as other outreach and media relations on forests, including Partnership Forest Days held in conjunction with meetings of the Parties to the United Nations Framework Convention on Climate Change. The second builds upon ongoing work among Partnership members to advance a common understanding on sustainable forest management. Contributions by Partnership members to other important forest-related events linked to the 2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and the preparatory process for the 2012 United Nations Conference on Sustainable Development (Rio+20) are also noted.

Other key activities of the Collaborative Partnership on Forests in support of the United Nations Forum on Forests include initiatives on monitoring, assessment and reporting; forest landscape restoration; improving forest governance and law enforcement; and research. In addition, several Partnership members delivered rapid technical support to Haiti in response to the devastating earthquake in January 2010. Given the alarming increase of natural disasters and the severe interrelated impacts on forests, members of the Collaborative Partnership on Forests will in the future consider ways to contribute to the immediate aftermath of natural disasters, through early phase recovery and reconstruction responses. Partnership members will also maximize awareness-raising efforts of the Partnership during Forests 2011, to have lasting impacts in the years that follow.

Contents

		Page
I.	Introduction	3
II.	Targeted actions in support of United Nations Forum on Forests resolutions and decisions, including the Millennium Development Goals	4
III.	Joint initiatives of the Collaborative Partnership on Forests	7
	A. New initiatives	7
	B. Ongoing initiatives	8
IV.	Other collaborative activities in support of the United Nations Forum on Forests	11
V.	Conclusions and future actions	12

I. Introduction

1. In 2011, the Collaborative Partnership on Forests[1] will complete a decade of its work as part of the international arrangement on forests. In accordance with Economic and Social Council resolution 2000/36, the two main tasks of the Partnership are: to support the work of the United Nations Forum on Forests and to enhance cooperation and coordination among the members.[2] As an informal and voluntary partnership, members have extended support and assistance to countries' efforts to implement the 360-degree concept of sustainable forest management through a comprehensive approach that recognizes the multifunctionality and multiple values of forests.

2. The present framework report highlights developments since 2009, underscoring those which have specifically helped to achieve progress on the four global objectives on forests, the non-legally binding instrument on all types of forests (forest instrument) and the International Year of Forests, 2011 (Forests 2011). Follow-up actions taken by the Collaborative Partnership on Forests in response to the eighth session of the United Nations Forum on Forests resolution on forests in a changing environment, enhanced cooperation and cross-sectoral policy and programme coordination, regional and subregional inputs. Within the period under review, the Collaborative Partnership on Forests lent support to the Forum in several other ways, including through the involvement of several Partnership members in country and organization-led initiatives,[3] substantive contribution and involvement in the work of the facilitative process and at the first meeting of the United Nations Forum on Forests Ad Hoc Intergovernmental Expert Group on Forest Financing, and through the secondment of a senior staff member to the Forum secretariat made possible by the International Tropical Timber Organization (ITTO).

3. Many developments within and outside the forest sector have influenced the Partnership's multidisciplinary focus on forests and its strategic orientation. This has led it to revamp its strategic focus and prioritization. The strategic work of the Collaborative Partnership on Forests grew after the eighth session of the United Nations Forum on Forests at a Partnership retreat in July 2009, and continued during a follow-up meeting in February 2010. These meetings have become a significant component of the Partnership's planning modalities. As part of its strategic work, the Collaborative Partnership on Forests has been seeking ways to respond with a common voice to address interrelated impacts and challenges on forests, especially those identified in the resolution of the eighth session of the United Nations Forum on Forests. Specific initiatives have also been created to address broader concerns

[1] The Collaborative Partnership on Forests consists of the following 14 organizations working in association to promote the implementation of sustainable forest management: the Centre for International Forestry Research, the Food and Agriculture Organization of the United Nations, the International Tropical Timber Organization, the International Union of Forest Research Organizations, the secretariat of the Global Environment Facility, the secretariat of the Convention on Biological Diversity, the secretariat of the United Nations Convention to Combat Desertification, the secretariat of the United Nations Framework Convention on Climate Change, the secretariat of the United Nations Forum on Forests, the United Nations Development Programme, the United Nations Environment Programme, the World Agroforestry Centre, the World Bank and the International Union for Conservation of Nature and Natural Resources.

[2] Economic and Social Council resolution 2000/35.

[3] Further information is contained in the report of the Secretary-General on enhanced cooperation and policy and programme coordination (E/CN.18/2011/10).

and challenges within and outside the forest sector in order to exemplify the integrated values and services forests provide to all sectors. Joint initiatives of the Collaborative Partnership on Forests have contributed significantly to various global policy processes. These initiatives will feature prominently at the forthcoming ninth session of the United Nations Forum on Forests, including in the high-level segment and in other processes beyond 2011, such as activities linked to the post-2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and the Rio+20 process.

II. Targeted actions in support of United Nations Forum on Forests resolutions and decisions, including the Millennium Development Goals

4. The need for intensified global action to protect the world's forests from a series of environmental threats, including climate change, loss of biodiversity and desertification was emphasized at the eighth session of the United Nations Forum on Forests, in 2009. As a result, at that session, the Forum underscored the urgency to address such threats and sustainable development challenges and their interrelation with forests. Among the Forum's response was a call to strengthen unprecedented levels of coordination and enhanced cooperation to bring sustainable forest management strategies into relevant programmes and processes, such as those on climate change and biodiversity, as well as land and water resources management. In this regard, the governing bodies of member organizations of the Collaborative Partnership on Forests were invited to continue to integrate the sustainable management of all types of forests into their strategies by supporting the implementation of the forest instrument and the global objectives on forests. South-South cooperation initiatives on sustainable forest management also called for the Partnership's support. To this end, the secretariat of the United Nations Forum on Forests, in collaboration with ITTO, organized a two-day brainstorming workshop aimed at identifying basic elements for a strategy on North-South, South-South and triangular cooperation on sustainable forest management for consideration by the Forum at its ninth session.[3]

5. The need for national forest inventories, covering the economic, social and environmental aspects of sustainable forest management, also featured notably in the resolution of the eighth session of the United Nations Forum on Forests. A call was made for Partnership members to provide assistance to build national capacity in this regard. The Forum also invited the Collaborative Partnership on Forests to enhance the contribution of forests to achieve the internationally agreed development goals, and to build on existing and well-established forest-related tools, processes, programmes and activities available at the national, regional and international levels to implement sustainable forest management. A number of these tools are already used by several member organizations of the Collaborative Partnership on Forests, including: national forest programmes; criteria and indicators for sustainable forest management and other related monitoring methodologies and assessment tools; measures for capacity-building; and the transfer of environmentally sound technologies.

6. In the field of monitoring, assessment and reporting, greater collaboration was requested between the Collaborative Partnership on Forests and criteria and

indicator processes to strengthen the use and application of indicators, taking account of the seven thematic elements of sustainable forest management. Building on past Forum resolutions, the Partnership was requested to develop a reporting format, with the intention of assisting Member States to report to the Forum on progress towards sustainable forest management and on the measures and provisions identified in the forest instrument. An overview of the types of actions taken by members of the Partnership to help to develop the reporting framework of the United Nations Forum on Forests for future sessions is presented in the report of the Secretary-General on assessment of progress made on the implementation of the non-legally binding instrument on all types of forests and towards the achievement of the four global objectives on forests (E/CN.18/2011/2). The report also stresses the sensitivities in national reporting to the United Nations Forum on Forests and the need for collaboration to develop new indicators to facilitate such reporting.

7. Under the framework of sustainable forest management, Partnership members were also invited to enhance cooperation on the Forum's cross-cutting issues of forest law enforcement and governance, including combating illicit international trafficking in forest products, through information-sharing functions and technical assistance. The Partnership was also requested to help to synthesize current information on studies and activities related to the recognition of the range of values derived from goods and services provided by all types of forests and trees outside forests, as well as ways to reflect such value in the market place, and to present the findings at the tenth session of the United Nations Forum on Forests in the context of its overall theme on forests and economic development.

8. Active support from the Collaborative Partnership on Forests was also identified in the context of the theme of the ninth session of the Forum on Forests for people, livelihoods and poverty eradication. In particular, the Partnership was called, together with Member States, to raise awareness of the linkages between sustainable forest management and the situation of women and youth who depend on and use forests to meet their basic daily needs, including for food, shelter and fuelwood. The Collaborative Partnership on Forests was invited to highlight this urgent issue at the ninth session of the Forum. Linked to this theme, the Partnership was invited to continue to provide science-based information, through modalities such as the global forest expert panels. An update of the scientific assessment carried out on social aspects of forests is presented in section III of the present report.

9. Following an earlier practice in 2008, a Collaborative Partnership on Forests strategic dialogue was organized in Italy, in July 2009, to address the call for joint action of the Collaborative Partnership on Forests in the resolution of the eighth session of the Forum. Developments in the work of the secretariat of the United Nations Forum on Forests and other Partnership members, including the secretariats of the Convention on Biological Diversity, the United Nations Convention to Combat Desertification and the Global Environment Fund (GEF) were discussed at that meeting. The need to gain a better understanding of how forest policy is developing in various arenas, including climate change, was considered an important point to determine where the Collaborative Partnership on Forests might focus its collaboration. Discussions underscored the need to account for the full range of value of forests, including those related to carbon; and that sustainable forest management is much broader than the forest aspects covered in current discussions related to reducing emissions from deforestation and forest degradation

in developing countries (REDD). To increase the understanding and better communicate sustainable forest management, the Collaborative Partnership on Forests submitted a reference document to the United Nations Framework Convention on Climate Change, which was used by groups, including the Ad Hoc Working Group on Long-term Cooperative Action. The submission was in accordance with paragraph 11 of the Bali Action Plan and was intended to provide practical background information on already agreed specific language at the multilateral level regarding sustainable forest management.[4] Members also recognized the need to develop a more detailed paper to distribute at future forest events. The 2010 Collaborative Partnership on Forests Working Group on advancing a common understanding on sustainable forest management emerged out of these related discussions.

10. Emerging funding mechanisms related to forests and opportunities for synergies were also discussed during the 2009 Collaborative Partnership on Forests strategic dialogue. Considerable attention and resources of member organizations of the Collaborative Partnership on Forests have targeted climate change-related financing for REDD-plus. While types of financing have been successful in mobilizing funding and catalysing greater attention on forest carbon markets, they might be also distorting funding on the full suite of forest issues. Given the current developments in REDD-plus financing, it has become critical to understand how these new developments affect forest financing for the forestry sector, but also the entire landscape of forest finance.

11. As a result, improving coordination and cooperation on forests at all levels, advancing a mutually supportive agenda for climate change and sustainable forest management, and building a comprehensive approach to financing all aspects and all types of forests have become essential topics of the joint work of the Partnership. Significant work has been undertaken by the Collaborative Partnership on Forests Advisory Group on Finance in support of the United Nations Forum on Forests, placing particular emphasis on the critical importance of the funding issue for the effective implementation of the forest instrument. The Advisory Group has carried out significant studies, including analytical mapping assessments on the needs and available sources and mechanisms for funding. A systematic and objective analysis of the funding sources and gaps vis-à-vis the forest instrument has also been presented.

12. Following the special session resolution of the ninth session of the United Nations Forum on Forests on means of implementation for sustainable forest management (see E/2009/118-E/CN.18/SS/2009/2), which outlines a four-year strategy on forest financing, members of the Collaborative Partnership on Forests were invited to maintain and enhance support to analytical work and knowledge generation, and to develop new tools and approaches to key issues within the forest sector, in particular those relevant to the global objectives. The resolution also invited the Partnership to undertake further activities to support the work of the Forum in helping countries on forest financing, as well as improving dedicated information and advice services on all sources of finance for sustainable forest management. At its 2010 strategic dialogue meeting, the Collaborative Partnership

[4] Letter from members of the Collaborative Partnership on Forests to the United Nations Framework Convention on Climate Change on agreed language at the multilateral level regarding sustainable forest management.

on Forests took stock of the resolution adopted by the United Nations Forum on Forests at the special session of its ninth session, among other matters.

III. Joint initiatives of the Collaborative Partnership on Forests

A. New initiatives

13. Since 2009, the Partnership has undertaken several new initiatives in support of the Forum.

Communication and forest outreach

14. The first meeting of the Collaborative Partnership on Forests communication and forest outreach focal points was convened in October 2010, during the meeting of the Food and Agriculture Organization of the United Nations (FAO) Committee on Forestry, with the support of FAO, the Centre for International Forestry Research and the secretariat of the United Nations Forum on Forests. The purpose of the meeting was to assess the Partnership's communication needs and to understand the range of current forest communication initiatives and networks, as well as to examine the communication assets of each Partnership member and explore ways to leverage those assets to build a knowledge-sharing community of forest stakeholders around the Collaborative Partnership on Forests. This evolving community would serve as a platform to maximize the Partnership's impacts on global communication events, including Forest Day 4, in December 2010, and Forests 2011, as well as other events going forward. The meeting reinforced the fact that consensus exists among members to create a Collaborative Partnership on Forests Forest Communicator's Network and to develop a Collaborative Partnership on Forests communication strategy in support of Forests 2011 and related outreach events. Meeting participants identified a number of areas of potential collaboration, including joint media products, films, coordinated events, shared news content, greater linkages of websites, and other outreach activities among Partnership members in 2011, and beyond for the Rio+20 process and for post-2010 activities related to the Millennium Development Goals. Participants listed a number of challenges that they confronted: the difficulty in communicating positive messages in the face of often negative statistics, the cost of generating fresh content for publications, including websites, and the need to avoid duplication of communication efforts. Suggested strategies that emerged from the discussion included using virtual communication tools for discussion, the development of a list of forest facts, a coordinated focus on thematic issues during the course of the Year and support for a World Forests Day, a shared list of forest experts for media, and the shared production and use of films and other visual media.

Advancing a common understanding on sustainable forest management

15. Building on the Collaborative Partnership on Forests 2009 Strategic Framework for Forests and Climate Change, and its 2009 strategic dialogue, Partnership members agreed that there was a need to understand and communicate practical and operational aspects of sustainable forest management, both within the Collaborative Partnership on Forests and externally. In response to misconceptions between the concepts of sustainable use of forest biodiversity and sustainable forest

management, the members recognized the need to better reflect all dimensions of sustainable forest management. In response, the Collaborative Partnership on Forests decided at its 2010 strategic dialogue meeting to establish a working group to exchange views on how to advance a common understanding on sustainable forest management. The Group developed its work based on the sustainable forest management definition adopted by the United Nations General Assembly and contained in the forest instrument (resolution 62/98). It also took note of the resolution adopted by the eighth session of the United Nations Forum on Forests, which promotes the conservation and sustainable use of forest biodiversity in all types of forests within the framework of sustainable forest management. The Group convened its first meeting in New York in April 2010, agreeing to the following three objectives:

(a) Clarification of the concepts to achieve a common understanding;

(b) Development of common messages on sustainable forest management and key issues;

(c) Provision of a Collaborative Partnership on Forests response through joint activities on information and guidance for implementation of sustainable forest management in practice.

The second meeting of the Working Group was held in October 2010 to review developments and identify actions to further advance the preliminary analysis of the Group.

B. Ongoing initiatives

Improving access to financing for sustainable forest management

16. Building on earlier work of the Advisory Group on Finance, members of the Collaborative Partnership on Forests emphasized their continued support to the work of the United Nations Forum on Forests on forest financing. Some members provided targeted input to the note of the secretariat for the first open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing (E/CN.18/2010/2), and participated in the meeting, which was held in Nairobi in September 2010. The results of the meeting identified a number of activities for the Collaborative Partnership on Forests and the Advisory Group on Finance on preparations for the second meeting of the Ad Hoc Expert Group in 2012. Specifically, in their summary, the Co-Chairs requested the Collaborative Partnership on Forests, inter alia, to report to the United Nations Forum on Forests at its tenth session on their ongoing and future actions on forest financing, to hold an open-ended organization-led initiative in support of the work of the Forum prior to the second meeting of the Ad Hoc Expert Group, and to deepen and broaden its work in support of national-level action on financing sustainable forest management. Additional requests made to the Advisory Group on Finance, including efforts to update and expand the 2008 finance paper for the second meeting of the Expert Group, are further described in the report of the Secretary-General on means of implementation for sustainable forest management (E/CN.18/2011/12).

Monitoring, assessment and reporting on forest resources and streamlining national forest reporting

17. The Collaborative Partnership on Forests Task Force on Streamlining Forest-Related Reporting met in October 2010 in Italy, to review its activities since its last meeting, discuss advancements as well as prospects in global processes on forest-related reporting, and identify areas requiring further work. Discussions focused primarily on the need to reactivate the Task Force's work in order to address gaps within existing forest reporting. Members of the Task Force also examined ways to engage potential new members in that work, including criteria and indicator processes. To move the initiative forward, members agreed to update the terms of reference of the Task Force, adding a workplan with a timeline to ensure a targeted follow-up approach.

Joint initiative on forest degradation

18. Work carried out by the joint initiative has focused on examining ways to increase awareness of the many facets of forest degradation and to build country capacity to monitor, assess and report on them. A background document entitled, "Towards defining forest degradation" was prepared in 2009, together with several case studies on methods for measuring forest degradation. In addition, the initiative has worked on identifying specific indicators of forest degradation and degraded forests. Moreover, it has explored the potential development of guidelines to measure specific criteria and indicators of forest degradation to be used at the country level, and which also provide necessary information on forest degradation for reporting to international processes. Given the importance of this issue, members of the initiative aim to develop guidelines for selected indicators for measuring forest degradation in terms of the elements of sustainable forest management. A report is expected at the end of November 2010.

Forest Day

19. The challenges and opportunities imposed by new mechanisms for reducing emissions from deforestation and forest degradation have brought considerable global attention to forests. In response to this growing interest, and building on the success of the first and second annual Forest Day to ensure that forests are high on the agenda, members of the Collaborative Partnership on Forests organized a third annual Forest Day in Denmark in 2009, and plans are well under way for a fourth Forest Day to be held in Cancún, Mexico, in 2010. As with previous Forest Days, these events have taken place alongside the meetings of the Conference of the Parties to the United Nations Framework Convention on Climate Change. The third annual Forest Day helped to heighten global appreciation of forests in mitigating and adapting to climate change. On the third Forest Day, which brought together nearly 1,500 forestry experts, policymakers and activists, key issues around forests and climate change were discussed, specifically addressing the challenges associated with moving REDD-plus from negotiation to implementation. Participants heard keynote statements and convened in subplenary sessions, in addition to parallel learning events, to discuss topics related to forest mitigation, adaptation, financing and degradation. A summary statement was developed and presented to the Executive Secretary of the United Nations Framework Convention on Climate Change during the closing session of the plenary.

20. Forest Days have opened new channels of communication, allowing for a greater recognition of the numerous contributions from sustainably managed forests. In this context, the fourth annual Forest Day intends to broaden engagement with other sectors, with a focus on designing actions and commitments from all stakeholders. Amid growing optimism that a global deal to include forests in climate change mitigation strategies may be forthcoming, it is expected that the fourth Forest Day will showcase the fact that a reversal in deforestation trends is possible. However, action and commitment from everyone is necessary for this to be achieved. Given the venue of the forthcoming meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the event is expected to bring out a strong Latin American perspective, featuring discussions on community ownership of forests, land rights and tenure, which are central themes of the ninth session of the United Nations Forum on Forests. The fourth Forest Day will also serve as a bridge between the 2010 International Year of Biodiversity and Forests 2011.

Global forest expert panels

21. Scientific assessments on issues of high political concern have continued to address the themes of the Forum. Most of these assessments have been contributions from the global forest expert panels, led by the International Union of Forest Research Organizations. Assessment reports are prepared by thematic expert panels consisting of internationally recognized scientific experts. The first thematic assessment report, launched at the eighth session of the United Nations Forum on Forests, addressed the topic "Adaptation of forests and people to climate change". In the resolution adopted at that session, the Forum took note of the assessment report and invited the Collaborative Partnership on Forests to continue to provide science-based information relevant to the themes of future sessions of the Forum. Based on a scoping process and a mandate provided by the Steering Committee of the global forest expert panels, a new scientific assessment was initiated in October 2009 on the subject of the international forest regime. A comprehensive assessment, building on available scientific information concerning international forest governance, is currently being carried out by a panel of 32 scientific experts. Taking into account the breadth and complexity of international governance arrangements, the assessment will provide options on how to address cross-sectoral challenges and promote coordination and policy convergence on key issues, including REDD-plus and access and benefit-sharing. The results of the assessment will be formally presented at the ninth session of the United Nations Forum on Forests, with a special emphasis placed on "forests for people".

Global Forest Information Service

22. An upgraded gateway (www.gfis.net) for the Global Forest Information Service was launched in August 2010. The new gateway features advancements in forest information usability and functionality. The Service offers three new information types, namely: "Education resources" (study programmes/curricula and courses); "Projects"; and "Experts". In June 2010, the Service launched www.fornis.net, an online forest information service aimed at enhancing the exchange and dissemination of forest information generated by the forest science community in Africa.

23. Additional ongoing initiatives, such as the Collaborative Partnership on Forests Sourcebook on Funding for Sustainable Forest Management, the Financial Information Engine on Land Degradation (FIELD) of the Global Mechanism of the United Nations Convention to Combat Desertification which provides information on sources of financing for sustainable land management and includes sources relating to forests, and the Collaborative Partnership on Forests portal on forest-related reporting are noted. In the coming months, Partnership members will be posting new communication material on the Collaborative Partnership on Forests website, including updated publications on joint initiatives of the Partnership, policy documents, progress reports, statements and meeting reports.

IV. Other collaborative activities in support of the United Nations Forum on Forests

Forest governance and law enforcement, including combating illicit international trafficking in forest products

24. Numerous members of the Collaborative Partnership on Forests have been actively engaged in forest governance and law enforcement activities. In September 2010, the World Bank and FAO organized an International Symposium on Forest Governance Indicators in Sweden. The meeting aimed to share experiences from the various ongoing forest law enforcement and governance (and trade) initiatives and to develop practical and workable indicators. In addition, the meeting examined the possibility of tailoring indicators for specific purposes, most especially for monitoring forest governance concerns under REDD-plus and forest law enforcement, governance and trade voluntary partnership agreements. Other issues addressed included collaboration with relevant partners outside the Collaborative Partnership on Forests, further engagement of local institutions and the private sector, and the rights of indigenous and local communities. FAO also highlighted work on the development of voluntary guidelines on forest tenure and the potential for future forest resource assessments to examine the applicability of new indicators.

Forests and natural disasters

25. In response to the devastating earthquake in Haiti in January 2010, several member organizations of the Collaborative Partnership on Forests delivered rapid technical support, taking an interdisciplinary approach to land management and bringing together emergency relief and early recovery perspectives. Given the alarming increase of natural disasters in 2010, and the severe interrelated impacts, Partnership members will consider ways to contribute to the immediate aftermath of natural disasters, through early phase recovery and reconstruction responses.

Joint initiatives in forest landscape restoration

26. Since 2009, the Global Partnership on Forest Landscape Restoration has conducted various case studies and organized several workshops to assess the contributions of forest landscape restoration. In August 2010, the International Union for the Conservation of Nature (IUCN) convened a scoping mission in Rwanda. Together with several Government representatives of Rwanda, the scoping mission successfully developed a country-wide forest landscape restoration initiative. IUCN, which partnered with the secretariat of the United Nations Forum

on Forests on the mission, developed a tentative outline for action, including benchmarks at specific intervals and with interim outcomes. The Government of Rwanda has recognized the enormous impact of unsustainable land management on its land and its people. Effective measures to counter this approach are already under way and include new policies and regulations directed at local and community government, as well as land tenure for those living on land, taking into account equal opportunity for women and incentives to work together as communities.

V. Conclusions and future actions

27. The members of the Collaborative Partnership on Forests have taken concerted steps to build a coherent framework for action on several joint initiatives to support the work of the United Nations Forum on Forests and to engage with partners at all levels. The Partnership's strategic support to the Forum demonstrates its potential in addressing emerging opportunities and challenges of forest finance, forest governance, climate change, forest biodiversity, landscape restoration and forest degradation, as well as its interest in advancing new areas of work on communications and awareness-raising, within and outside the Partnership.

28. The Collaborative Partnership on Forests continues to be an important part of the international arrangement on forests, particularly in promoting and catalysing the implementation of international agreements on forests. Members have continued to strengthen both their joint and individual efforts to improve the management and conservation of forests and forest-based sustainable development, assisting countries in the implementation of forest-related actions agreed in intergovernmental forums.

29. Drawing from past resolutions of the United Nations Forum on Forests, the members of the Collaborative Partnership on Forests aim to:

(a) **Enhance collaboration to streamline national reporting among various international processes, by examining potential measures to support country efforts to collect data and build national forest inventories covering the economic, social and environmental aspects of sustainable forest management, enabling greater coherence and timeliness of information to the United Nations Forum on Forests;**

(b) **Explore approaches to improve collaboration with criteria and indicator processes of sustainable forest management on the application of indicators;**

(c) **Support the secretariat of the United Nations Forum on Forests in developing a format to facilitate Member States in reporting to the Forum at its eleventh session, in 2015, on progress made towards sustainable forest management, the implementation of the forest instrument, and the four global objectives on forests;**

(d) **Participate actively during the ninth session of the United Nations Forum on Forests, in particular at the high-level segment, to highlight the actions that members of the Collaborative Partnership on Forests are taking which celebrate the "Forests for people" theme of Forests 2011, demonstrating the Partnership's commitment to working together, and with countries and other partners, to achieve sustainable forest management worldwide and to improve the livelihoods of the 1.6 billion forest-dependent people;**

(e) Strengthen collaborative activities on forest governance, tenure, and financing strategies, through the organization of regional capacity-building workshops, joint initiatives, studies and publications, including by increasing the concerted efforts of the Advisory Group on Financing in support of the Ad Hoc Expert Group of the United Nations Forum on Forests and the facilitative process;

(f) Contribute to the work on forest finance as indicated by the Ad Hoc Expert Group at its first meeting, in preparation for its second meeting to be held in 2012, and the work of the facilitative process;

(g) Support the work launched by the Collaborative Partnership on Forests forest communicators to develop a Collaborative Partnership on Forests communication network and strategy in order to advance efforts to increase the visibility of forests and sustainable forest management during Forests 2011 and beyond, including at events related to post-2010 Millennium Development Goals actions and the preparatory process for the 2012 United Nations Conference on Sustainable Development;

(h) Support the implementation of Forests 2011 and promote, together with the Food and Agriculture Organization of the United Nations, as the Chair of the Collaborative Partnership on Forests, activities related to the Year of Forests at the local and national levels;

(i) Convene an expert group to exchange information among relevant partners and experts on the range of values derived from goods and services provided by all types of forests and trees outside forests and present results at the tenth session of the United Nations Forum on Forests in the context of the overall theme on "Forests and economic development".

United Nations E/CN.18/2011/12

Economic and Social Council

Distr.: General
21 October 2010

Original: English

United Nations Forum on Forests
Ninth session
New York, 24 January-4 February 2010
Item 11 of the provisional agenda*
Means of implementation for sustainable forest management

Means of implementation for sustainable forest management

Report of the Secretary-General

Summary

According to the multi-year programme of work of the United Nations Forum on Forests, means of implementation for sustainable forest management, including finance, is a recurring "cross-cutting issue" for each session. At the special session of its ninth session, the United Nations Forum on Forests adopted a resolution on the subject. In that resolution, the Forum decided to establish the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing, and the Facilitative Process. The present report contains a progress report on the work of the Facilitative Process and a report on the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing. It also contains the Secretary-General's recommendations for intersessional activities between the first and second meetings of the Ad Hoc Expert Group, for consideration by the Forum at its ninth session.

* E/CN.18/2011/1.

10-60191 (E) 191110

Please recycle

Contents

		Page
I.	Introduction	3
II.	Progress report on the work of the Facilitative Process	3
	A. Functions of the Facilitative Process	3
	B. Current activities of the Facilitative Process	4
III.	First meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing	7
IV.	Facilitative Process and Ad Hoc Expert Group	9
V.	Potential future activities of the Facilitative Process	10
VI.	Recommendations to the United Nations Forum on Forests on intersessional activities on forest financing	11

I. Introduction

1. The present report has been prepared to facilitate deliberations on item 11 of the provisional agenda of the ninth session of the United Nations Forum on Forests.

2. It should also be noted that, according to the Forum's multi-year programme of work for the period 2007-2015, means of implementation, including finance, will be a recurring "cross-cutting issue" for each session.

3. At the special session of its ninth session, held on 30 October 2009, the United Nations Forum on Forests adopted a resolution on means of implementation for sustainable forest management (see E/2009/118-E/CN.18/SS/2009/2, para. 3), by which it established an open-ended intergovernmental ad hoc expert group and a facilitative process. In its decision 2009/268, the Economic and Social Council took note of the report of the special session.

4. Pursuant to paragraph 2 of the above-mentioned resolution and in fulfilment of its mandate, the Ad Hoc Intergovernmental Expert Group on Forest Financing will hold two meetings, one before the ninth session and one before the tenth session of the United Nations Forum on Forests, and will submit a preliminary report at the ninth session and final recommendations at the tenth session for the Forum's consideration and decision.

5. The present report is submitted, in accordance with paragraphs 2 and 5 of the above-mentioned resolution, to inform the Forum on the activities of the Facilitative Process and the outcome of the first meeting of the Ad Hoc Expert Group on Forest Financing. The report of the first meeting of the Ad Hoc Expert Group is contained in document E/CN.18/2011/13. The Co-Chairs' summary of the discussions of the Ad Hoc Expert Group at its first meeting, including their proposals on intersessional activities on forest financing, is annexed to that report.

II. Progress report on the work of the Facilitative Process

A. Functions of the Facilitative Process

6. In the resolution it adopted at the special session of its ninth session, the Forum also decided to establish a facilitative process, to be initiated immediately following the special session of the ninth session of the Forum[1] and in the framework of the multi-year programme of work, working under the guidance of the United Nations Forum on Forests. The Forum invited the members of the Collaborative Partnership on Forests and relevant stakeholders, including regional organizations, to support the work of the Facilitative Process, and to actively engage to catalyse the implementation of sustainable forest management and the non-legally binding instrument on all types of forests and the achievement of the global objectives on forests, taking into account the special needs and circumstances of Africa, the least developed countries, low-forest-cover countries, high-forest-cover countries, medium-forest-cover countries, high-forest-cover low-deforestation countries and small island developing States.

[1] See Economic and Social Council decision 2009/240.

7. The functions of the Facilitative Process, in accordance with the resolution, are:

(a) To assist in mobilizing and supporting new and additional financial resources from all sources for sustainable forest management;

(b) To assist countries in mobilizing, accessing and enhancing the effective use of existing financial resources from all sources for sustainable forest management, taking into account national policies and strategies;

(c) To identify, facilitate and simplify access to all sources of finance for sustainable forest management;

(d) To identify obstacles to, gaps in and opportunities for financing sustainable forest management;

(e) To assist countries in developing national financing strategies for sustainable forest management within the framework of national forest programmes or their equivalent, as called for in the non-legally binding instrument on all types of forests;

(f) To facilitate the transfer of environmentally sound technologies and capacity-building to developing countries;

(g) To provide advice, upon request, and to share examples of good practice in improving the enabling environment for sustainable forest management, in particular in achieving the four global objectives on forests and implementation of the non-legally binding instrument on all types of forests, in order to attract public and private-sector investment and philanthropic funding;

(h) To enhance coordination, cooperation and coherence among relevant funding sources and mechanisms to improve the implementation of the non-legally binding instrument on all types of forests and the achievement of the global objectives on forests at all levels and to improve the effective and efficient use of available financial resources for its implementation.

B. Current activities of the Facilitative Process

8. The Facilitative Process is already under way, with the objective of addressing some priority areas in forest financing as a forensic analysis task. It is important to note that the Facilitative Process is an advisory process and not a funding mechanism. The Facilitative Process works in partnership with financing and funding processes, in a mutually supportive and complementary manner. The United Nations Forum on Forests secretariat initiated the Facilitative Process immediately after the adoption of the resolution at the special session of the ninth session of the Forum.

9. The resolution requires that the Facilitative Process focus on developing countries with special needs and circumstances, and that it should increase cooperation and coordination among key stakeholders.

10. As information remains very limited on what untapped funds exist for forest financing, the Facilitative Process needed to begin by collecting data to highlight existing gaps, obstacles and opportunities for forest financing, as mentioned in its function (d) (see para. 7 above). Moreover, a report on forest financing commissioned

by the Advisory Group on Finance of the Collaborative Partnership on Forests[2] showed that the low forest cover countries and small island developing States have suffered the most from the drop in donor forest financing in the past two decades.

11. In the light of the above and immediately following its establishment, the Facilitative Process was launched with a project on identifying gaps, obstacles and opportunities in regard to financing sustainable forest management in small island developing States and low forest cover countries.

12. This initiative, funded by the Department for International Development (DFID) of the United Kingdom of Great Britain and Northern Ireland, and the Global Environment Facility (GEF), is the first tranche of work under the Facilitative Process and is aimed at providing a clear picture of the financing needs and constraints of low forest cover countries and small island developing States. As a result of this project, during the period 2010-2013 all sources of financing for sustainable forest management in countries in those categories that have suffered significantly from a decline in forest financing will be reviewed.

13. The project has three successive components, described below. The first component was funded by DFID, while the second and third components will be implemented through a grant from GEF. The first component, which was completed in September 2010, consisted of an in-depth analysis and assessment of current and emerging funding, financial mechanisms and flows and gaps in financing at all levels for sustainable forest management in small island developing States and low forest cover countries. The specific objectives of this component are to:

(a) Improve understanding of the current status, gaps and challenges for financing for sustainable forest management in small island developing States and low forest cover countries, including through the utilization of studies by donors, multilateral organizations and academics, in particular for individual countries of the National Forest Programme Facility;

(b) Identify innovative approaches and mechanisms for accessing existing sources of funding and mobilizing new financing for sustainable forest management in small island developing States and low forest cover countries;

(c) Provide the analytical basis for addressing sustainable forest management financing challenges in international policy and support programmes, and in future activities for stakeholder capacity development in small island developing States and low forest cover countries.

14. With the services of an international consultancy agency, the following papers on forest financing in small island developing States and low forest cover countries were prepared:

(a) Seven national case studies (three for small island developing States and four for low forest cover countries) were commissioned from national consultants. These national studies were conducted (i) to provide real-life examples of the broader macro-level and sectoral analyses and (ii) to provide realistic scenarios of

[2] Marrku Simula, "Financing flows and needs to implement the non-legally binding instrument on all types of forests", a report prepared for the Advisory Group on Finance of the Collaborative Partnership on Forests with the support of the Programme on Forests of the World Bank, October 2008. Available from www.un.org/esa/forests/pdf/aheg/finance/AGF_Financing_Study.pdf (accessed 17 August 2010).

future opportunities and constraints, as well as lessons learned from experience. The seven countries selected on the basis of technical criteria were Cape Verde, Fiji and Trinidad and Tobago as small island developing States, and Jordan, Kyrgyzstan, Mali and Uruguay as low forest cover countries. In each of those countries, a workshop was organized for the Governments concerned, donors, the Collaborative Partnership on Forests, experts and representatives of major groups to assess the accuracy of the micro- and macro-level papers, and to collect further primary data;

(b) Four international/regional studies were commissioned to provide macro-level financial forensic analyses of the economic, geographic and institutional situations in regard to sustainable forest management financing in small island developing States and low forest cover countries and to identify challenges and opportunities for the funding of sustainable forest management from a variety of sources.

15. A total of 11 analytical reports were prepared, five focusing on small island developing States and six on low forest cover countries. Within each of those two groups, challenges in regard to forest financing vary significantly from country to country, because of their geographic and climatic conditions, forest coverage, economic activities, forest governance and institutional capacities, among other factors. Therefore, an in-depth analysis, complemented by selective country studies, was necessary to address thematically related challenges and share experiences. Similar considerations will be reflected in the second component of the project in grouping countries for participation in interregional workshops tailored to meet specific needs, build capacity and promote South-South exchange.

16. The second component of the project, to be carried out in 2011, will consist of organizing and holding four interregional workshops (two in small island developing States and two in low forest cover countries) to review and take forward the findings contained in the reports resulting from the first component. The workshops will address specific topics related to forest funding gaps and will include an exchange of views between country-level experts for the purpose of reviewing, validating and adding input to the thematic analytical reports and national case studies, and of preparing recommendations for action by Governments, the private sector, the international community, financing institutions, philanthropists and other stakeholders.

17. There are thus two objectives specific to this second component: (i) to test the validity of the data obtained in the first component by encouraging discussion and the exchange of experiences of forest financing in the countries concerned; and (ii) to promote appropriation of the project and its findings by key stakeholders. An initial network of experts and policymakers on forest financing will thus be established.

18. National experts, recognized international experts in the field of forest financing, the Collaborative Partnership on Forests, donors, and representatives of international, regional and subregional organizations, including the National Forest Programme Facility, civil society and other relevant stakeholders will participate in the workshops, which will also focus on beginning to build capacity to enhance skills to secure financing for sustainable forest management.

19. The third component of the project, to be carried out in 2012, will consist in reporting to forest financing stakeholders, including the Governments of small island developing States and low forest cover countries, donors, and Collaborative

Partnership on Forests member organizations, on the findings of the workshops, identifying key recommendations for further action.

20. This third component will feature activities to promote information exchange and raise awareness of the challenges and opportunities for financing sustainable forest management in small island developing States and low forest cover countries. Communication measures at the national level, particularly in case-study countries, will also be recommended. These activities will help to increase awareness of current financing gaps for sustainable forest management and promote South-South cooperation for increasing financing for forests and facilitating access to forest funding sources. Target audiences for this communication strategy will be forest financing stakeholders, including Governments of small island developing States and low forest cover countries, donors, Collaborative Partnership on Forests member organizations and national and international experts.

21. Care has been taken to emphasize a cross-sectoral, and cross-institutional perspective throughout this project. It has now long been recognized that many of the causes of deforestation lie outside of the forest sector (e.g., in agriculture and in public infrastructure). Likewise, forests have an impact on connected issues, notably climate change. In the same way, financial flows outside of the forest sector can have both positive and negative impacts on forests and, in turn, forests can contribute significantly to the national economy and to reducing poverty. Up to the present time, however, these linkages have only been partially acknowledged by decision-makers and only rarely acted on. The "silos" of Government ministries with responsibility for different issues affecting forests, including deforestation, need to work more collaboratively. It is therefore essential that this project look at financing for forests from a 360-degree perspective, rather than at financing for the forest sector in the narrow sense of the term.

22. Related to this is the desired outcome of initiating a network of forest financing stakeholders in small island developing States and low forest cover countries that extends well beyond the forest sector. In each component of the project, stakeholders from different sectors have been involved in contributing to data production (first component), discussing results (second component) and receiving tailor-made information (third component). This will encourage stakeholders to think beyond "silos", which have been a major impediment to the implementation of sustainable forest management so far.

23. Given the need for a cross-sectoral, cross-institutional approach, an innovative strategy will be implemented, linking sectors and ministries and addressing the issues in a broad and interconnected fashion.

III. First meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing

24. By adopting at the special session of its ninth session its resolution on means of implementation for sustainable forest management, the United Nations Forum on Forests established a new recognition that financing sustainable forest management is a critical action for advancing the global development agenda. In that resolution, the Forum specifically mandated the Open-ended Intergovernmental Ad Hoc Expert Group to make proposals on strategies to mobilize resources from all sources to

support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund, taking into account, inter alia, the results of the Forum's review of the performance of the Facilitative Process, views of Member States, and review of sustainable forest management-related financing instruments and processes.

25. The first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing was held from 13 to 17 September 2010 at the United Nations Office in Nairobi. Some 200 experts from 64 countries, 23 international and regional organizations, and major groups participated in the meeting.

26. The programme of work of the meeting was conducted in two workshops and in plenary sessions. During the meeting, experts heard presentations by 28 panellists on such topics as the cross-sectoral importance of forest financing for achieving the internationally agreed development goals; national and regional experiences, policies and strategies on forest financing; the activities of the forest-related financing mechanisms; and the work of the Facilitative Process. The participants also heard keynote speeches on the work of the Amazon Fund, on the pros and cons of various forest financing options, including a global forest fund, and on strengthening the existing financing mechanisms.

27. Representatives of key and influential non-forest sectors, such as planning and finance ministries, participated in the discussion on forest financing and shared their views on how they could contribute to addressing the issue of forest financing. Participants learned more about the opportunities and complexities of the issue, and the scope of the work and the level of activities that countries, organizations and major groups have carried out so far on forest financing.

28. During the meeting, the experts discussed various national, regional and international actions to mobilize resources for sustainable forest management. They also discussed the actions that needed to be undertaken after the ninth session of the United Nations Forum on Forests and prior to the second meeting of the Expert Group, and the areas where further work was necessary.

29. The Co-Chairs of the first meeting of the Expert Group prepared a summary of the debate and, on the basis of the discussions at the meeting proposed a set of intersessional activities. The experts attending the first meeting adopted the report of the meeting,[3] and took note of the Co-Chairs' summary, which is annexed to that report.

30. The discussions at the meeting highlighted the need for further collaboration and sharing of experiences among Governments to develop innovative financing mechanisms, as well as deeper collaboration with the private sector, and the need for an enabling environment for private-sector investment. The discussions also underscored the need to engage Governments, the Collaborative Partnership on Forests and its Advisory Group on Finance more substantively in the identification of forest financing options and modalities and their possible structures, prior to the second meeting of the Ad Hoc Expert Group. The role of the Advisory Group on Finance is considered to be particularly important, as it can provide analyses of

[3] E/CN.18/2011/13.

funding gaps among the forest-related funding mechanisms, including those of the Rio Conventions, and provide proposals on ways to strengthen existing forest-related financing mechanisms, enhance coordination among them, and improve access to their resources. Based on such proposals, participants in the first meeting of the Ad Hoc Expert Group expressed the need for an assessment of different options for forest financing architecture, including a global forest fund, to be prepared by the secretariat for consideration at the second meeting.

IV. Facilitative Process and Ad Hoc Expert Group

31. It is of crucial importance to understand the relationship between the Ad Hoc Expert Group and the Facilitative Process, as they are complementary in terms of both the substance of their mandates and their processes. Those processes will be closely interrelated throughout the four-year period from 2010 to 2013. The cumulative results of the Ad Hoc Expert Group and the Facilitative Process should eventually provide a solid foundation for the crucial decision on forest financing to be taken by the Forum at its tenth session, and a critical input to the 2015 review of the international arrangement on forests.

32. The initial findings emanating from the studies undertaken in the context of the Facilitative Process project were provided to the Ad Hoc Expert Group at its first meeting. Those initial findings revealed the paucity of cross-sectoral data, illustrating the difficulty of going beyond a sectoral approach to tackle the issue of forest financing. The studies unequivocally show that the small island developing States' and the low forest cover countries' share of global forestry official development assistance has dropped threefold between 2002 and 2008, confirming the need to address forest financing urgently in both those categories of countries.

33. The studies indicate that forests are not generally regarded as a development priority in small island developing States. As a result, only half of the small island developing States have explicit forest policies or legislation, or forest administrations, and even where they exist, they have limited financial and human resources. In many small island developing States, the commercial forest sector is marginal or absent, which increases the dependence of forest financing on public funds and innovative mechanisms. Two innovative mechanisms that might substantially increase forest financing could be further developed. First, many small island developing States have a high potential for tourism — including ecotourism — a sector which stands to contribute significantly to forest financing. Secondly, climate change-related (and especially REDD+)[4] funding could be increased in small island developing States, especially in the light of the high vulnerability of these countries to climate change, as well as the important contribution of forests in small island developing States to mitigating and adapting to climate change. In particular, forests in small island developing States not only store carbon, but also prevent erosion in mountainous areas and act as a crucial protection against sea-level rise when located in coastal regions.

34. According to the studies, in low forest cover countries forests do not generally appear on the political agenda, despite their importance. First, they provide a source of shelter, food and, in many cases, livelihood for impoverished rural populations,

[4] Reducing Emissions from Deforestation and Forest Degradation.

thus contributing to poverty reduction and food security at the national level. Second, forests are a key instrument in combating desertification and providing clean water, an element of vital social and economic importance given that many low forest cover countries are regularly threatened with drought. There is, therefore, a need for political recognition of the importance of forests and their role in contributing to key national priorities, such as poverty reduction and food security, in order to increase public forest financing. Moreover, acknowledgement of the linkages between forests and related sectors, such as agriculture and energy, is a prerequisite for developing integrated financing strategies that bridge the gap between drylands and forests.

35. As anticipated, the findings of the studies, which still have to be reviewed at various workshops, provided valuable substantive input to the deliberations of the Ad Hoc Expert Group at its first meeting and triggered many ideas and suggestions on the potential future work of the Facilitative Process.

V. Potential future activities of the Facilitative Process

36. The resolution adopted by the Forum at the special session of its ninth session sets out several functions for the Facilitative Process and gives special attention to the situations of specific groups of countries. All the functions of the Facilitative Process are of equal importance and there is no doubt that all those functions have to be implemented in regard to the categories of countries identified in the resolution.

37. The Facilitative Process, on the basis of possible guidance from the Forum and the provision of the necessary resources, can adjust its workplan, including by expanding it to cover similar projects for the remaining categories of countries identified in the above-mentioned resolution, areas of importance for the work of the Ad Hoc Expert Group and other potential areas of interest.

38. It is worth mentioning that the work of the Facilitative Process entirely depends on voluntary contributions to the United Nations Forum on Forests Trust Fund. The limited staffing and financial resources currently available have prevented the Facilitative Process from launching activities to fulfil all of its functions immediately. The small island developing States/low forest cover countries project is only the first of many activities that could be carried out under the Facilitative Process. If sufficient resources are provided, it will be possible to have a long-term plan of various activities for implementation of all the Facilitative Process functions. For example, a similar project on Africa and the least developed countries, as well as on other categories of countries listed in the resolution could be carried out under the Facilitative Process.

39. In addition, given the role of the Forum in providing thorough and comprehensive policy guidance on all aspects of forests, including all aspects of the financing of forests, the Facilitative Process is aimed specifically at bringing in the pieces of information which are currently missing on the impacts of REDD+ financing on broader forest financing. By undertaking such a task, the Facilitative Process would also shed light on grey areas that is crucial for the Forum to make an informed decision on forest financing at its tenth session. Such an undertaking by the Facilitative Process would also be of benefit to other relevant processes, in particular those related to REDD+ financing. The interlinkages between the work of the Forum on forest financing and the climate change REDD+ financing have been

discussed in detail in the note prepared by the secretariat for the first meeting of the Ad Hoc Expert Group (E/CN.18/2010/2).

40. There is huge potential for the Facilitative Process to carry out solid and useful work on the issue of REDD+ financing. To cite an example, additional data could be gathered by the Facilitative Process on financing at the global level, in order to study the overall impact of REDD+ on forest financing. With over $4 billion already pledged, REDD+ is likely to affect forest financing significantly. However, it is not clear which areas of forest financing are likely to benefit from it most. A study commissioned by the Forum could point out potential funding gaps, in a bid to encourage donors to fill them.

41. The aim of such activity would not only be to collect data but also to catalyse communication and exchange between Member States and donors, thereby kick-starting greater coordination among stakeholders. Such activity falls within the functions of the Facilitative Process, in particular, functions (c) (identifying sources of financing), (d) (identifying gaps, obstacles and opportunities) and (h) (enhancing coordination among funding sources) (see para. 7 above).

42. The second phase of such activity could focus on enhancing donor coordination and cooperation. A series of workshops aimed primarily at donors could build on the Source Book on Funding for Sustainable Forest Management,[5] an initiative of the Collaborative Partnership on Forests, by identifying where lack of coordination remains and how different donor sources could be harmonized. Similar initiatives have already been launched, for instance, to harmonize the work of the World Bank's Forest Carbon Partnership Facility and the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD). This second phase could address functions (a) (assist in mobilizing and supporting new and additional financial resources), (c) (identifying sources of financing) and (h) (enhancing coordination, cooperation and coherence among relevant funding sources and mechanisms) (see para. 7 above).

43. The third phase could focus on the national level, through the preparation of a forest financing toolkit to assist countries in developing national forest financing strategies that take into account national policies and strategies. This toolkit could be shared with countries through a series of regional and thematic workshops and would be followed up on a case-by-case basis, with the provision of advice and the sharing of examples of good practice, where requested. This work at the national level will also be a useful opportunity to facilitate technology transfer and capacity-building in the area of forest financing. This third phase will address functions (e) (assisting countries in developing national financing strategies), (f) (facilitating technology transfer and capacity-building) and (g) (providing advice and examples of good practice) (see para. 7 above).

VI. Recommendations to the United Nations Forum on Forests on intersessional activities on forest financing

44. **In line with the comprehensive approach established in the resolution adopted by the United Nations Forum on Forests at the special session of its ninth session, the forest financing process within the Forum comprises the work**

[5] See www.fao.org/forestry/cpf/sourcebook/en/.

under the Facilitative Process, at the two meetings of the Ad Hoc Intergovernmental Expert Group on Forest Financing and during the intersessional period leading to the tenth session of the Forum, in 2013. The forest financing process needs to translate into action the guidance provided in the resolution on forest financing and arrive at clear, feasible and practical recommendations on issues introduced in the resolution, including the components and elements for a comprehensive strategy or strategies to prevent a piecemeal approach to forest financing, improve the enabling environment, catalyse the use of funding from all sources, take into consideration the cross-cutting nature of forest financing, promote resource realignment and the efficient use of resources, promote coordination of forest financing at all levels, make national, regional and international actions mutually supportive, strengthen and improve access to forest financing, and mobilize adequate resources for the implementation of sustainable forest management and of the non-legally binding instrument on all types of forests, and the achievement of the global objectives on forests.

45. The forest financing process of the United Nations Forum on Forests should provide opportunities for multidisciplinary discussions and input on forest financing, with the direct involvement of Member States, independent experts, member organizations of the Collaborative Partnership on Forests and its Advisory Group on Finance, regional processes, donors, major groups and forest-related financial mechanisms and processes. It is critical to tap the potential of all these key players in order to support the development of a successful decision on financing to be adopted by the United Nations Forum on Forests at its tenth session. The period between the ninth session of the Forum and the second meeting of the Ad Hoc Expert Group will provide sufficient time to ensure the submission of concrete input, in particular by Member States, to the second meeting of the Expert Group and substantive discussion on the final recommendations of that meeting to the Forum at its tenth session.

46. On the basis of the discussions during the first meeting of the Ad Hoc Expert Group, and the proposals by its Co-Chairs on intersessional activities, the Forum may wish to consider and take a decision on the following recommendations, to be carried out during the period leading up to the second meeting of the Expert Group (fourth quarter of 2012).

47. The Forum may wish:

(a) To emphasize the importance of forests and the need for political will, awareness and commitment to urgent action at the national, regional and international levels;

(b) To emphasize the need to mainstream the interests of forest-dependent people, including indigenous peoples and local communities, in financing mechanisms for sustainable forest management, owing to the importance of forests for securing poverty eradication and sustainable livelihoods and achieving the internationally agreed development goals, and recognize the value of contributions from major groups;

(c) To invite substantive submissions, to be received by 1 March 2010, from by Governments, member organizations of the Collaborative Partnership on Forests, regional organizations and processes and major groups on forest

financing options and modalities and their possible structures, including a global forest fund, on the strengthening of existing and emerging mechanisms, the advantages and disadvantages of the various options, and the envisaged functions, requirements and deliverables of those options, and request the United Nations Forum on Forests secretariat to separately compile these submissions to inform the work of the Ad Hoc Expert Group at its second meeting;

(d) To invite members of the Collaborative Partnership on Forests to report to the United Nations Forum on Forests at its tenth session on their ongoing and future actions on forest financing, to consider holding an open-ended organization-led initiative in support of the work of the Forum prior to the second meeting of the Ad Hoc Expert Group, and to deepen and broaden their work in support of national-level action on financing sustainable forest management;

(e) To invite the Advisory Group on Finance of the Collaborative Partnership on Forests, by 1 March 2012, to update and expand:

(i) Its analyses, with a focus on forest-related financing mechanisms, including funding gaps among the Rio Conventions (time frames, deliverables and the working modalities of funding mechanisms), addressing, inter alia, financing, forests and climate change, including REDD+ arrangements pertaining to forest biological diversity in the framework of the Convention on Biological Diversity, relevant financing strategies and investment frameworks for sustainable land management under the United Nations Convention to Combat Desertification, the new sustainable forest management/REDD+programme of the Global Environment Fund, as well as financial resources associated with the forest law enforcement governance and trade processes at the country and regional levels, keeping in mind the role of markets;

(ii) Its 2008 finance paper for the second meeting of the Ad Hoc Expert Group, and to provide proposals on ways to strengthen existing forest-related financing mechanisms, enhance coordination among them, improve access to their resources and identify how they fit into the broader forest-financing frameworks;

(f) To invite the United Nations Forum on Forests secretariat to deepen its collaborative work to address gaps in and explore new opportunities for forest financing;

(g) To call upon Member States and international organizations to support the implementation of all the functions of the Facilitative Process, and to strengthen collaboration with relevant partners in regard to the initial outcomes of the Facilitative Process, in particular on small island developing States, low forest cover countries, Africa and the least developed countries;

(h) To request the United Nations Forum on Forests secretariat in its work on the Facilitative Process, and in collaboration with the member organizations of the Collaborative Partnership on Forests:

(i) To work to remove barriers to the access of countries to financing, including through building their capacities, and to further examine the

effects, impacts and synergies of cross-sectoral and cross-institutional activities on forest financing;

(ii) To utilize the platform of the United Nations Forum on Forests to encourage relevant financial institutions, such as regional and national banks, working in close concert with regional forest processes, to further develop ways to mobilize resources and to mainstream the global objectives on forests in their programmes;

(i) To request the United Nations Forum on Forests secretariat, in close cooperation with the Collaborative Partnership on Forests and other key actors, to undertake, within the context of the Facilitative Process, work on REDD+ and forest financing, including the implications of REDD+ funding on broader forest financing;

(j) To call, for further collaboration and sharing of experience with the private sector, in preparation for the second meeting of the Ad Hoc Expert Group, building on lessons learned, given the importance of the private sector in providing sustainable finance for sustainable forest management, and the crucial role of a stable and predictable enabling environment for its investments;

(k) To call for further collaboration and sharing of experience among Governments to develop innovative financing mechanisms;

(l) To request the United Nations Forum on Forest secretariat, based on all of these submissions, to undertake an assessment, with a sense of urgency, of different options for the forest financing architecture, including a global forest fund, and to prepare a note thereon for the second meeting of the Ad Hoc Expert Group;

(m) To urge Member States to develop and implement national forest policy and legislation on financing for forests, including all of the functions of forests, and in so doing consider the financing roles of key ministries, including ministries of agriculture, forestry, transportation, the environment — with a focus on forests and biodiversity, climate change and water — and finance, while also keeping in mind the importance of integrating forest issues into poverty reduction strategies or equivalent cross-cutting donor and finance mechanisms, and to report to the Ad Hoc Expert Group at its second meeting and the United Nations Forum on Forests at its tenth session on their progress and experience;

(n) To request the Co-Chairs of the first meeting of the Ad Hoc Expert Group to hold an open-ended informal consultation during the intersessional period between the ninth session of the Forum and the second meeting of the Expert Group;

(o) To emphasize that only proposed actions which are part of the agreed biennial programme of work of the United Nations Forum on Forests secretariat are covered by the regular budget of the United Nations, that actions undertaken by the Collaborative Partnership on Forests and Member States will be financed by them, and that the remaining proposed intersessional actions require voluntary contributions to the United Nations Forum on Forests Trust Fund.

United Nations E/CN.18/2011/13

Economic and Social Council

Distr.: General
21 October 2010

Original: English

United Nations Forum on Forests
Ninth session
New York, 24 January-4 February 2011
Item 11 of the provisional agenda*
Means of implementation for sustainable forest management

Report of the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing

Summary

Pursuant to paragraph 2 of the resolution on means of implementation for sustainable forest management, adopted at the special session of the ninth session of the United Nations Forum on Forests (see E/2009/118-E/CN.18/SS/2009/2, para. 3), the Open-ended Intergovernmental Ad Hoc Expert Group will hold one meeting before the ninth session and another before the tenth session of the United Nations Forum on Forests. The first meeting of the Ad Hoc Expert Group was held from 13 to 17 September 2010 in Nairobi. The present document contains the report of that meeting and will be submitted to the United Nations Forum on Forests at its ninth session for its consideration.

* E/CN.18/2011/1.

10-60234 (E) 261110

Please recycle

I. Background

1. In paragraph 1 of the resolution adopted at the special session of its ninth session, the United Nations Forum on Forests decided to establish an Open-ended Intergovernmental Ad Hoc Expert Group, with a view to making proposals on strategies to mobilize resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund, taking into account, inter alia, the results of the Forum's review of the performance of the facilitative process, views of Member States, and review of sustainable forest management-related financing instruments and processes.

II. Organizational and other matters

A. Venue and duration of the meeting

2. The first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group was held in Nairobi, from 13 to 17 September 2010.

B. Opening of the meeting

3. The meeting was opened by Arvids Ozols (Latvia), Chair of the Bureau for the ninth session of the United Nations Forum on Forests. Mr. Ozols welcomed experts and emphasized the global importance of the issue of forest financing. He added that the Forum, as an intergovernmental policy forum with universal membership, was able to take a comprehensive 360-degree view of sustainable forest management, covering the full range of forest-related issues for all types of forests. The decision of the special session of the ninth session of the Forum on forest financing had been taken at a critical time, when the pivotal role of forests in advancing sustainable development agendas and the global efforts to fight climate change were being recognized more than ever before. The resolution constituted a road map with clear and identifiable actions and measures on the highly controversial but important issue of forest financing. It also carried important political messages for the international community, as it recognized the comprehensive and cross-cutting nature of forests with their numerous and multiple socio-economic and environmental benefits for other aspects of human life and the global environment. In the resolution, the importance of the Forum and the contribution that it could provide to other related processes in diminishing the political differences on sensitive financing issues was recognized. Mr. Ozols said that the Bureau for the ninth session of the Forum welcomed the comprehensive work programme facing the Open-ended Intergovernmental Ad Hoc Expert Group. The Bureau strongly believed that the impacts of the Forum's work on forest financing could also make a positive contribution to other relevant processes. Accordingly, he invited experts to contribute productively to the work of the Group.

C. Election of Co-Chairs

4. Mr. Ozols invited the participants to formally elect the nominated candidates, Jan Heino (Finland) and Ambassador Macharia Kamau (Kenya), as the Co-Chairs of the first meeting of the Ad Hoc Expert Group. The Group elected the nominated Co-Chairs by acclamation.

D. Adoption of the agenda and other organizational matters

5. The agenda (E/CN.18/2010/1) and the programme of work were adopted. It was noted that there would be no negotiated outcome, and that the Co-Chairs would prepare a summary of discussions, which would be annexed to the report of the meeting. That summary is contained in the annex to the present report.

E. Tasks of the Open-ended Intergovernmental Ad Hoc Expert Group

6. The Open-ended Intergovernmental Ad Hoc Expert Group noted that, in paragraph 2 of the resolution adopted at the special session of the ninth session, the United Nations Forum on Forests had decided that the Group would meet before its ninth and tenth sessions, submitting a preliminary report to the Forum during its ninth session and final recommendations to it at its tenth session, for its consideration and decision. The Group also noted that its tasks were set out in paragraph 1 of that resolution. They are also set out in paragraph 1 of the present report.

F. Opening remarks

7. The Co-Chairs thanked Governments for their confidence in them. They welcomed the participants and made brief opening remarks. Thereafter, there was a presentation by John D. Liu. The Chair of the Collaborative Partnership on Forests and the Director of the secretariat of the United Nations Forum on Forests also made opening remarks.

G. Introduction of the note by the secretariat

8. The secretariat introduced its note (E/CN.18/2010/2) on strategies to mobilize resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund. The secretariat pointed out that the note had been prepared to facilitate discussions during the meeting.

H. Other introductory statements

9. The experts from Yemen, on behalf of experts from the Group of 77 and China, from Indonesia, from Belgium, on behalf of experts from the European Union, and from the United States of America, made statements at the opening session.

I. Attendance and participation

10. The Open-ended Intergovernmental Ad Hoc Expert Group comprised some 200 experts, from 68 countries and 23 regional and international organizations and major groups. In addition, experts designated by member organizations of the Collaborative Partnership on Forests,[1] other international and regional organizations, regional processes and major groups were in attendance.

11. A full list of participants can be found on the United Nations Forum on Forests website (www.un.org/esa/forests/adhoc-forestfinance.html).

J. Documentation

12. Documentation prepared for the meeting included the provisional agenda, with annotations (E/CN.18/2010/1) and the note by the secretariat (E/CN.18/2010/2), both of which can also be accessed at the United Nations Forum on Forests website (www.un.org/esa/forests/adhoc-forestfinance.html).

III. Matters for consideration of the United Nations Forum on Forests

13. The Co-Chairs' summary of the discussions that were held at the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing, including the Co-Chairs' proposals for intersessional activities, is annexed to the present report for the consideration of the United Nations Forum on Forests at its ninth session. The present report was adopted by the first meeting of the Ad Hoc Expert Group. The Group also took note of the Co-Chairs' summary and their proposals for intersessional activities, as contained in the annex to the present report.

IV. Closing of the meeting

14. During the closing session, the Co-Chairs thanked all the participants for their active involvement in the discussions during the meeting, and for their suggestions with regard to section VII of the Co-Chairs' summary, namely, on proposals on intersessional activities. The Co-Chairs also expressed satisfaction on the results of the meeting, considered the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group to have been a unique experience, and thanked the Bureau of the ninth session of the United Nations Forum on Forests and the secretariat for

[1] The Collaborative Partnership on Forests is a voluntary arrangement among 14 international organizations and secretariats with substantial programmes on forests, which has the objective of supporting the work of the United Nations Forum on Forests. The members of the Partnership are the Centre for International Forestry Research, the Food and Agriculture Organization of the United Nations, the International Tropical Timber Organization, the International Union of Forest Research Organizations, the secretariat of the Convention on Biological Diversity, the Global Environmental Facility, the United Nations Forum on Forests, the secretariat of the United Nations Framework Convention on Climate Change, the United Nations Development Programme, the United Nations Environment Programme, the World Agroforestry Centre, the World Bank and the International Union for Conservation of Nature and Natural Resources.

planning the first meeting of the Ad Hoc Expert Group in such a dynamic and interactive manner. The Co-Chairs urged continued engagement and cooperation of all countries, organizations and major groups, in particular at the ninth session of the Forum, where a decision should be taken on the intersessional activities, based on the Co-Chairs' proposals. The Co-Chairs then announced the closure of the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing.

Annex

Co-Chairs' summary of the discussions during the first meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing

I. Opening session

1. In their opening remarks, the Co-Chairs welcomed the experts and highlighted the importance of the meeting in developing a mutual understanding on strategies to mobilize resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests. The Co-Chairs noted that the programme of work for the meeting paved the way for serious, open and focused discussions on the key issues related to forest financing. It provided an opportunity, for the first time, to engage key and influential non-forest sectors, such as planning and finance ministries, in the discussion on forest financing. Different panels and break-out groups were planned to allow experts to share knowledge and concrete examples of forest financing policies, programmes and strategies. The Expert Group would be also informed of the initial input by the Facilitative Process, which had also been established under the resolution. In addition, in preparing for the meeting, the secretariat had commissioned a number of country and regional case studies. There would also be specific keynote speeches on forest financing options.

A. Presentation by special guest, John D. Liu

2. Mr. Liu gave a presentation in which he highlighted the importance of the role of forests as fully functional systems. He emphasized the strong links between degradation of fragile ecosystems at the landscape scale and poverty, food insecurity and biodiversity loss. He attributed this to a failure to assign proper values to the ecosystems that supply products, and the associated creation of perverse incentives to degrade these ecosystems. He gave an example of a major project in the Loess Plateau in China, where an econometric assessment of the full value of a degraded ecosystem had driven action to restore the forest through terracing and planting on a very large scale — an area larger than the country of France.

B. Statement by the Chair of the Collaborative Partnership on Forests

3. Eduardo Rojas-Briales, Chair of the Collaborative Partnership on Forests and the Assistant Director-General of the Food and Agriculture Organization of the United Nations (FAO), gave a pre-recorded statement in which he welcomed the experts and emphasized the support that the members of the Collaborative Partnership on Forests would continue to give to the work of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing. He highlighted the importance of recognizing all values of forests, including in relation to livelihoods, biodiversity, soils, watersheds and climate, as well as their productive functions. In addition, he said that the Group would need to consider financing from all sources, recognizing that there was not one single solution to the challenge of securing adequate financing for sustainable forest management. He also reminded experts that their work would be of relevance to a number of forthcoming international

meetings, including the Committee on Forestry, the Conference of the Parties to the Convention on Biological Diversity, and the Conference of the Parties to the United Nations Framework Convention on Climate Change, as well as for the ninth session of the United Nations Forum on Forests.

C. Statement by the Director of the United Nations Forum on Forests secretariat

4. Jan McAlpine, Director of the United Nations Forum on Forests secretariat, made a statement in which she reminded experts that there had been 17 years of intense debate about forest financing, culminating in the decision at the special session of the ninth session of the Forum. This had established two significant mechanisms — this Group and the Facilitative Process. Noting that funding for forests was low when compared to funds now being committed to the enhanced United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD-plus), the Director emphasized that forests had many functions and values in addition to carbon sequestration. A 360-degree perspective on forest financing was needed to recognize all the values of forests and that, she emphasized, was the scope of the non-legally binding instrument on all types of forests (forest instrument). Cross-sectoral and cross-institutional approaches beyond the forestry sector were required to effectively implement the forest instrument and the global objectives on forests, given that the causes of inadequate financing for sustainable forest management often lay outside of the forest sector. She also pointed out that forest financing could contribute significantly to the national economy and reducing poverty. Ms. McAlpine noted that the Forum was in a position to take action with this 360-degree perspective on forest financing, adding that the secretariat had signed partnership agreements with the secretariats of the Convention on Biological Diversity and the Convention to Combat Desertification, and that further agreements with the Global Environment Facility (GEF) and the International Tropical Timber Organization were being developed. She explained that the work programme for this first meeting of the Group was very much based on the resolution's approach to forest financing. She also reminded experts of the International Year of Forests 2011, which would be a year-long celebration, showcasing "Forests for People" success stories and innovative solutions.

D. General statements

5. A number of experts made introductory statements during the opening session, extending full support for taking on the tasks of the first meeting of the Ad Hoc Expert Group. They commended the secretariat for the preparations for this meeting and emphasized their gratitude for the meeting having been convened at the United Nations Office at Nairobi. Experts welcomed the opportunity to share experiences and ideas to improve the understanding of the challenges of forest-related finance. The importance of examining existing financing mechanisms, as well as other options, was also highlighted. They expressed a need to use this meeting to explore feasible and realistic solutions. Many noted that sufficient and adequate financing of sustainable forest management was essential for the achievement of the four global objectives on forests and the effective implementation of the non-legally binding instrument. Concern was expressed at the alarmingly high rate of deforestation and the lack of adequate resources, particularly in developing countries. Experts also recalled proposals that had been made for the establishment of a global forest fund

aimed at providing new and additional financial resources to developing countries for promoting sustainable forest management. They also expressed appreciation for the cooperation that led to the agreement at the special session on the facilitative process of the ninth session of the United Nations Forum on Forests and this dialogue under the Ad Hoc Expert Group. It was also stressed that forests are essential to many aspects of human life, meeting a wide array of needs, especially for the world's 1.6 billion forest-dependent people. The significant contribution of forests to the Millennium Development Goals was also emphasized.

II. Workshop 1

Topic 1. Financing sustainable forest management: a strategic cross-sectoral requirement for achieving internationally agreed development goals

Summary of presentations

6. Tony Simons of the World Agroforestry Centre emphasized the need for a cross-sectoral perspective in the implementation of sustainable forest management and stressed that international financing in other sectors could have positive and/or negative impacts on forests. There was a need to consider a landscape approach where forestry and agroforestry were developed together; likewise, rural development and forests could only be financed hand in hand. At the country level, forest issues fell under a long list of different ministries. There was often a lack of recognition and coherence in their decisions on policies, programmes and financing.

7. In their joint presentation, Melchiade Bukuru from the secretariat of the United Nations Convention to Combat Desertification and Jones Ruhombe Kamugisha from the Global Mechanism of the United Nations Convention to Combat Desertification emphasized the importance of the recently signed memorandum of understanding between the secretariats of the United Nations Convention to Combat Desertification and the United Nations Forum on Forests that focuses on identifying gaps, obstacles and opportunities in financing sustainable land management and sustainable forest management. There is a need to expand the implementation of sustainable forest management beyond tropical rainforests to include dry forests and trees outside forests. REDD-plus brings new challenges to dry forests, especially as areas of sufficient carbon storage need to be identified to justify capturing REDD funds. Drylands must be taken into account in forest financing debates, especially as they occupy 42 per cent of the global forest area. Forests must be positioned in the overall development planning at the national level and their financing goes beyond forestry/environment ministries and official development assistance.

8. Maria Sanz-Sánchez of the secretariat of the United Nations Framework Convention on Climate Change provided an overview of the REDD process and its current status. Parties to the Convention have recognized the need for scaled-up financing, fast start funding, capacity-building and national strategies and action plans to address the drivers of deforestation. However, financing options remain one of the key issues to be addressed. Recommendations were made, notably on the need to promote and enhance regional cooperation, and to fully utilize technical capacities that already exist. Ms. Sanz-Sánchez said that the role of the secretariat was to enhance coordination of capacity-building and develop an interactive discussion forum as well as to share information on the REDD-plus Web Platform. REDD-plus readiness activities had already been started in many developing countries

through different means, most of them multilateral (REDD-plus Partnership, UN-REDD, the Forest Carbon Partnership Facility, the Forest Investment Programme, the fifth GEF Replenishment (GEF-5) and other international organizations) with funding commitments amounting to about $5.6 billion.

Summary of interactive discussions

9. There was a common view that cross-sectoral issues in forest financing needed to be considered both at the national and international levels, although, as pointed out by a member of the Collaborative Partnership on Forests, one should not lose sight of the forests when attempting to look beyond sectors. A key constraint is the lack of information on the contribution to the gross domestic product (GDP) and poverty reduction of the forest sector to justify its financing in national budgets. In one specific example of this phenomena, it was noted that low forest cover countries generally tend to give low priority to forests and to trees outside forests, due to their marginal role in economic accounts. This is owing to an absence of proper accounting of the benefits generated by forests, as well as a lack of accounting of the costs of forest degradation. An accounting of physical volumes of various forest outputs and their valuation in monetary terms would be required as the first step towards the internalization of forest externalities. It was also noted that many communities critically depend on forests for their livelihoods, which is not necessarily reflected in national level statistics.

10. One suggestion was for a global synthesis of already existing data and studies on forest financing.

11. Addressing cross-sectoral aspects in financing requires information on trade-offs between alternative land uses, but this information is significantly lacking. There is a close cross-sectoral linkage in financing sustainable land management and sustainable forest management. Integrated approaches can therefore be highly useful, for example in low forest cover countries. In both cases, further work is needed to scale up successful experiences.

12. It was also pointed out that safeguards were common in forest and forestry investments but often not required in other sectors, such as mining or agriculture.

13. Participants recognized that the cross-sectoral aspects in forest financing were not adequately understood and that this was an area in which further research was needed. There was also a need to change the mindset of policymakers and the general public, as they did not understand the critical contributions of forests to livelihoods and sustainable development. This is a challenge for communications as well.

14. Participants noted that national macro-level planning also typically included a sectoral approach and in many countries this would be necessary for an acceptable level of financing for forests. A sectoral approach would help to take into account the revenues generated by forest activities and to design appropriate budget allocations. In addition, efforts would be needed to account for the damage by other sectors on forests so that, for example, appropriate compensation mechanisms could be developed.

15. It was recognized that Government expenditures formed only a small part of domestic financing of sustainable forest management, as the bulk comes from the private sector, forest communities and smallholders. Governments did not often

recognize their forest financing as an investment which can bring significant economic, social and environmental benefits.

16. As only part of the forest outputs were fully remunerated by the market, other mechanisms were needed for valuation of other ecosystem services which were not presently captured in economic assessments. This was why the maintenance or enhancement of forest ecosystem services was usually only accounted as a cost. Information on costs of environmental degradation had not often had an adequate impact on decisions on resource allocation which tended to focus on expected short-term benefits.

17. There were about 1 billion hectares of degraded lands which offered opportunities for restoration through afforestation and reforestation. Restoration of those lands would improve soil fertility, biodiversity, biomass and rural income and also contributed to the global welfare. Investments in restoration could therefore be justified and successful experiences could be replicated (e.g., the Loess Plateau in China).

18. One proposal was for a new analytical approach to identify the needs and opportunities for financing for forests based on forest functions and outcomes as they were defined in the Millennium Ecosystem Assessment (supporting, provisioning, regulating and cultural and social functions). This could provide a common framework to take account of various forest products and services instead of the current partial approach.

19. Participants noted that REDD-plus could provide a major new opportunity for financing of sustainable forest management but there were also a number of concerns related to the international rules which might be adopted. For example, a major weakness in the planned REDD arrangements was that it would not provide adequate support to low forest cover countries for instance, in spite of the potential contribution of their forests to both mitigation and adaptation to climate change. There was a need to engage forest specialists, as they had not effectively participated in the preparations and negotiations on REDD.

20. Participants noted that there was a proliferation of initiatives to improve resource mobilization for forests but that they were not coordinated. A common framework could avoid conflicting outcomes and unnecessary transaction costs. A detailed assessment of existing initiatives would help in enhancing their effectiveness to promote financing for sustainable forest management. There was also a need to mainstream the proliferation of discussions on sustainable forest management, both on the international and national level. The common view was expressed that it was the responsibility of countries to ensure coherence of outcomes in different international forums concerning forest financing, but this was far from being achieved at present.

Topic 2. Sustainable forest management financing and the role of finance and planning ministries and organizations; the need for integrated financial policies, the potential of private sector and major groups

Summary of presentations

21. Chen Jiawen, Director of Division for Forestry Planning in the Department of Planning and Finance Management of the Chinese State Forest Administration, explained that forest financing in his country consisted of public sector funding,

private sector financing, foreign direct investment and a special mechanism. Private sector financing came from the banking sector as loans, forest industry enterprises and social voluntary sources. Foreign investment came from international organizations, bilateral sources and foreign direct investment. The special mechanism was a compulsory tree-planting mechanism. He added that elements for global forest financing should recognize the important role of forests in sustainable development. Clear objectives and action plans would be needed for global forest development, which should be the basis for the respective financing programmes. At the country level, an assessment was needed on the status of sustainable forest management and financing needs and the assistance should include financing, technology transfer and knowledge. Both the donors and recipient countries should make firm commitments on their actions. A global level mechanism could include a global forest ecological fund, forest investment and trade facilitation, forest carbon markets, compulsory tree-planting action and forest cross-cultural foundation to increase awareness of the importance of forests. A special institution would be needed to manage different elements of the mechanism, including monitoring and assessment. The United Nations Forum on Forests should set up a special institution to manage and operate the different parts of a forest financing mechanism and report to member countries on its operation.

22. Stefanie von Scheliha, Project Officer on the German Agency for Technical Cooperation (GTZ) team on International Forest Policy (Germany), emphasized that the various international processes and national programmes had two common goals, sustainable management and use of forests and forest protected areas, these could be the basis for aligning various national and international initiatives targeted at addressing deforestation and forest degradation. As many sectors were involved, there was a genuine need for cross-sectoral coordination, and action needs should be jointly identified to ensure their proper implementation by relevant parties. Only thereafter could financing needs be identified and resources mobilized from available sources. Support was often needed from the private sector and from major groups which could provide information and ideas and needed to participate in decision-making. Alignment of different interests and coordination were also needed. Integrated financial planning needed to be transparent and to have a broader than sector view to tap potential funding sources. The greater the number of stakeholders promoting the issue of forest financing, the more powerful the lobbying was likely to be.

23. Tatsuya Watanabe, Deputy Director of the International Forestry Cooperation Office of the Japanese Ministry of Agriculture, Forestry and Fisheries, explained their experiences on resource mobilization for promoting sustainable forest management in his country where forests were divided into small, privately owned properties. The current challenge was to bring those forests under improved management, to improve their environmental services at a time when the economic profitability had been declining due to a strong yen. Resource mobilization through budgetary allocation had relied on broad public concern about the need to improve management of planted forests and make use of forests in carbon sequestration. Public awareness and support were fundamental for resource mobilization, which could be created through transparency and accountability, effective and timely measurement, reporting and verification, and public participation. Good governance was a prerequisite, including an adequate policy framework, and institutional capacity, as well as continuous innovative measures. The Japanese experience on

financial and technical bilateral cooperation in forests accounted for about $250 million per year. There were several constraints, however, as the overall funding available for Japanese official development assistance was declining. REDD offered new opportunities. Pressures on forests from other uses could be addressed through recognition of the need for cross-sectoral approaches. There were increased demands for strategic assistance and positive incentives. Challenges for international cooperation included ensuring ownership of recipient countries, creating the enabling condition for sustainable forest management financing and provision of results-oriented assistance and enhanced accountability at all levels.

24. Ivar Jørgensen, Counsellor for Environment and Climate Change at the Royal Norwegian Embassy in Dar es Salaam, explained that the Norwegian International Forest Climate Initiative consisted of support to several multilateral and bilateral programmes and was currently the largest source of global funding for REDD-plus. As one of the pilot countries, the experience on the REDD programme in the United Republic of Tanzania, which consisted of research and capacity-building, a policy process, measurement, reporting and verification, non-governmental organization-operated field projects, engagement of the private sector and preparations of a REDD fund, was reviewed. He added that REDD was one of the tools for achieving sustainable forest management and that they had common aspects in field activities, governance, monitoring, etc. A broad range of ministries and Government agencies, as well as stakeholders, had to be involved and capacity-building had to address all their needs. REDD revenue had the potential to improve returns on sustainable forest management investment, which would not be implemented otherwise. At present, REDD appeared to offer opportunities for many, but not necessarily all, developing countries. For instance, only 20 African countries stood to benefit significantly from REDD, according to the speaker.

25. Gary Dunning, Executive Director of The Forest Dialogue, briefed the Group on the objectives and activities of the Dialogue and its processes on financing REDD-plus and investing in locally controlled forests. The Forest Dialogue had concluded that REDD financing should depend on a reliable, robust and predictable mechanism that was transparent and above all equitable, which enjoyed the support of key stakeholder groups. Payments should be based on performance and they required optimal and coordinated use of markets, public and private funds, multi/bilateral grants and other sources. The lessons learned suggested that safeguards should address social, environmental and financial aspects at different levels; there should be effective and equitable distribution mechanisms and good governance. He added that investing in locally controlled forests offered huge opportunities in small-scale and community-based forestry projects that achieved a decent return on investment while advancing environmental development goals. About 1 billion people owned or managed a quarter of the world's forests, which generated a broad range of economic, environmental, social, cultural and spiritual benefits. To make use of this opportunity, local rights to forests should be secure; "soft" and "hard" investment was needed, and support would be needed in the form of business services, capacity-building, partnerships and alliances. There were, however, a range of obstacles to be addressed through a partnership approach, support of Governments and other "soft" investors, various innovative mechanisms and networking.

26. Ibrahim Thiaw, Director of the Division of Environmental Policy Implementation of the United Nations Environment Programme (UNEP) emphasized

that evidence-based policy advocacy could shift policy and investments in forests and that it was critically important to identify the areas where the evidence was likely to be found and deliver change. Practical experience in the protection of the Mau forest in Kenya had demonstrated that, in complex situations, the engagement of the highest political level of a country could be mobilized for effective results in the field. The outcome of the Mau forest initiative had been the effective protection as Nairobi's water source, for instance. The ongoing work on the Economics of Environmental Services and Biodiversity Study had shown that restoration of degraded lands, conservation of biodiversity in protected areas, for example, could generate very high returns. The lessons had shown that valuation of environmental services had to be explicit and spoke to decision makers directly and in concrete terms, especially as markets generally undervalued them. Biodiversity was important for all, but essential for the rural poor who depended on it. Initial experience in REDD implementation was accumulating, indicating that it was a unique opportunity to transform the forest sector and landscapes. It would be important to include dry and sub-humid forests in such schemes to ensure that their role in mitigation and adaptation in climate change was enhanced. It was important that REDD also deliver benefits from all forest environmental services, leveraging opportunities for additional financing to secure those multiple benefits.

Summary of interactive discussions

27. The presentations under this topic included those by China, Germany and Japan and represented two distinct, but equally effective, models for addressing the issue of forest financing — one in a centralized system, and the other in a decentralized system with multiple stakeholders. Presentations by The Forest Dialogue, Norway and UNEP represented three examples of REDD-plus-related forest financing initiatives at the local, national and international levels, respectively.

28. Countries shared a common situation in seeking adequate budgetary allocations for financing sustainable forest management. Several reasons explained that situation, including the limited recognition of GDP contributions of the forestry sector, lack of information on the link between forests and national development goals, the low priority of forests and forestry (often being only a subset of agriculture, environment or natural resources), lack of recognition of the link between revenues and costs of forestry activities in accounting, etc. Among other omissions, current GDP estimates often disregarded the downstream industrial processing of wood and activities of the informal sector.

29. Planning and financing ministries had to deal with competing requirements and it had proven difficult to attract the right level of attention and priority to financing for forests. National forest programmes and other sectoral plans had not been closely linked with national development planning, which was another constraint in some countries.

30. The traditional national development planning approach emphasized economic development and this was a constraint for the forestry sector, due to a lack of national accounting of many forest benefits and the importance of the informal sector on which data was lacking. The ongoing shift towards adopting sustainable development as the overall framework for national development planning opened up new entry points for budgetary allocations for forests. This meant that several sectoral windows could be accessed, but in order to make them work, it was

necessary for related sectoral ministries to share a common goal which was built on the recognition of the multiple benefits of forests, including economic, ecological, social and cultural values. This called for a truly cross-sectoral approach in mobilizing domestic public financing for sustainable forest management at different levels of government. There was a great potential to make more efficient use of the available financial resources if synergies between forests, land restoration, biodiversity and climate change could be harnessed at the national level instead of working in silos, without the necessary integration of financing programmes.

31. Successful national experiences also showed that political awareness of forests in sustainable development at the highest political levels could ensure that budget allocations for forests were not constrained by competing demands from other sectors. In addition, mobilization of stakeholder support could be very helpful in raising awareness among policymakers on the importance of forest financing. Supporters were needed to lobby decision makers for forest financing. Forest issues had a great potential for bringing different actors together to promote their common interests.

32. Countries had different situations in their administrative and institutional arrangements regarding forests, but experience showed that cooperation between the involved agencies was necessary. Each country needed to seek its own ways to establish effective coordination and cooperation arrangements within the framework of the common goal of sustainable forest management. The importance of good quality planning was also considered an important factor in getting forestry plans well integrated into national development plans.

33. There was a common view that accountability in the use of funds and achieving the adopted goals and targets was necessary. The forest sector had not always been successful in that respect, as achievements were not easy to measure. Country experience showed that improvement in that respect was critical. Monitoring and assessment of performance were important, but new indicators might be needed to measure improvements in forest environmental services.

34. Several instruments could be used for mobilizing funds for forests. Many countries applied subsidies. Some countries used earmarked taxes but in the majority of cases, earmarking was not possible but could offer an opportunity if applied. There were different experiences in using national forest funds in raising and disbursing financing to beneficiaries. Such funds could be very useful in assisting private forest owners or communities but there had also been difficulties in accessing them if the funds were managed under finance ministries. Another approach that resulted in a positive experience was retaining part of the timber sales revenue which could later be used on preferential terms for reforestation and other sustainable forest management activities. It was possible to group small-scale private forest ownership when making investments in infrastructure.

35. In financial planning at the national level, the role of all sources needed to be considered, including the private sector, foreign direct investors, and voluntary funding from the civil society through various mechanisms. Each had its own role in financing different aspects of sustainable forest management.

36. REDD-plus offered a major opportunity for raising financing for other aspects of sustainable forest management. However, REDD was not a major short-term opportunity for all. Resources could not be shared among participating countries

(now about 40 in process) without reducing significant impacts on the ground. Therefore, priority-setting and engagement of the private sector as a major potential source of funding was necessary.

37. Countries with high forest cover and low deforestation rates were concerned that their efforts to maintain the carbon stock in the existing forests might not qualify for future REDD financing. It was noted that forest conversion was sometimes necessary or preferable to achieve national development goals — forests should not be seen as a barrier for economic development.

38. Another concern was the issue of indigenous peoples, as there was a risk that their land rights would be negatively impacted by REDD. There was a need for clear policies for benefit-sharing, including for indigenous peoples, local communities and other forest-dependent people. The private sector could play a pivotal role in involving surrounding communities in REDD schemes, as they had the capacity to organize monitoring and verification, as well as capacity-building.

39. Participants recognized that work under REDD readiness development was very useful, also in view of developing payment mechanisms for forest environmental services other than carbon, as the same issues of legal and institutional framework, tenure rights, capacity-building, benefit-sharing, etc., were largely common to all mechanisms. At the same time, willingness to pay for environmental services could be promoted, which might lead to a new paradigm in financing sustainable forest management.

40. Governance was recognized as a common issue both for sustainable forest management and REDD. "Free Prior and Informed Consent" had been adopted by UN-REDD as a safeguard to ensure that land rights of indigenous peoples and local communities were not adversely impacted by REDD. The ongoing work under The Forest Dialogue had proved to be useful in applying free, prior and informed consent in helping communities and companies to work together. There was some hesitation among some countries in embarking on REDD work because many earlier similar planning initiatives had not yielded concrete results. For instance, the view was expressed that the cost of certification had proved to be an additional burden for producers in the Congo Basin, as it had not resulted in higher product prices in export markets.

41. Evidence-based information on forest environmental services could be a powerful tool for influencing policy decisions, but a lack of common methods to evaluate biodiversity and other environmental benefits often made it impossible to take these into account in financing decisions. In addition, national-level resource assessments would be needed to quantify the different aspects of forest benefits.

42. The discussion included comments on such issues as the need for countries to assume a greater responsibility themselves for financing of sustainable forest management. Other sources could only be complementary but not the main solution to the problem of funding and there was clear evidence that official development assistance alone could not develop a country. Each country should plan its development based on its own resources. It was also observed that many of the resource-rich countries were among the poorest, which was a paradox. Another dilemma was that revenue collection in the forestry sector was notoriously low (e.g., 4 per cent in the United Republic of Tanzania), and with improvement of governance, the revenue generation for that could be significantly increased.

III. Workshop 2

Topic 1. Specific national and regional experiences/strategies on mobilizing financing for sustainable forest management

Summary of presentations

43. Penny Davies, Senior Forestry Adviser, Policy Department, in the United Kingdom Department for International Development, gave an overview of the income and expenditures of domestic forest financing, as well as examples of the international experience in financing for forests and building strategic partnerships. At the domestic level, Government finance grants, timber receipts and other non-timber products and services, such as recreation, were the main sources of finance. National expenditures described included public forest estates — which rated the highest, followed by private forestry, forest research and policy, regulation and administration. Ms. Davies highlighted a wide range of opportunities and partners. Opportunities had increased in recent years with new sources of funding, including the private sector. The Red Rose Forest and the Big Tree Country were highlighted as examples of public-private partnerships. The first was significant in catalysing partnerships with cities, communities and businesses, while the second exemplified active woodlands and partnerships with schools and forestry agencies. She emphasized that the United Kingdom attached importance to financing international forestry, and added that there was concern about illegal laundering of income from forests that had helped to finance conflict. She explained that support was targeted where there was credible governance, tenure and market reforms; European Union Forest Law Enforcement and Governance partnerships; well-linked policy and practice; business that favoured sustainably sourced commodities and reduced deforestation; verifiable results and progress; and sustained momentum for change. Support was also given for communication and advocacy. Support was multilateral, bilateral and plurilateral. There were partnerships with multilateral organizations, as well as community groups and enterprises. In 2008/09, the forestry aid budget of £22 million represented 0.3 per cent of the United Kingdom's aid budget, but, with REDD fast-start finance, that was set to rise to an estimated £100 million annually by 2011-2012 and 2013-2014, based on progress and performance.

44. Samuella Lagataki, Deputy Conservator of Forests, Forestry Department of Suva, Fiji Islands, said that Fiji was one of the small island developing States examined in the United Nations Forum on Forests facilitative process project on financing gaps and challenges in sustainable forest management for small island developing States and low forest cover countries. He explained the methodology and approach for data collection, and the key policies, institutions and intersectoral linkages that were embedded in the 2007 Forest Policy and other major policies and legislation. Fiji's financing strategy included the Forest Sector's Development Revenue, the Sector's Development Fund, Trade and Commercialization measures; Financing Conservation and protection Measures and Financing through international and regional cooperation. Among the project outcomes, Mr. Lagataki highlighted issues for private investments, financing gaps and opportunities to create an enabling environment for sustainable forest management financing. He mentioned attractive incentive packages for various markets, and stages of wood production, including plantation establishment, as well as the need for an institutional infrastructure and specialized capacity to meet the evolving needs of

investors for developing relevant packages targeting various resource sectors (agriculture, fisheries, forests). Linking tax deductions with a degree of compliance to sustainable forest management standards, such as the National Standard for Forest Certification, was also noted, as was building a strong link between regional organizations as conduits for accessing funds. The main implementation challenges focused on procedures, modalities, priorities and the role of stakeholders. The lack of incentives for the private sector to improve sustainable forest practices, and little support from financial institutions, were also noted. The opportunities included potential for private and corporate investors to invest in forest-related activities, emphasizing incentives for afforestation and reforestation, as well as potential for enhancing conservation resource needs. Other recommendations for increasing financial flows for sustainable forest management included forest-based ecotourism, corporate social and environmental responsibility, public-private partnerships, a review of forest licence and service fees, development of non-wood forest products; a green fee on foreign visitors, agroforestry practices, a levy system on sales of logs sourced from native forests and the Fiji REDD-plus policy.

45. Paulo de Leon, consultant for the National Forest Institution of Guatemala, presented an analysis of forest financing in Guatemala, describing the National Strategy for Forestry Funding, building on various elements and components. Among those, he highlighted the importance of financial and economic information, the design and consolidation of major support lines, the use of existing credit lines, pre-investment connected with financial intermediaries, the development of new financial instruments and implementation of the Forestry Financial Intelligence Unit. A diagnosis of local and rural forest communities under the National Alliance of Forestry Community Organizations of Guatemala, consisting of representatives of 427 organizations and 11 second-level community organizations, was presented. The substantive areas of the Alliance focused on governance, financial mechanisms, competitiveness and organizational strengthening. Forest employment generation was highlighted as part of the outcomes of the Programme of Forestry Incentives. Mr. de Leon also described the programme of incentives for small land owners with forest or agro-forestry vocation. The programme, which covers 79 municipalities affected by hunger and poverty, aimed to extend and strengthen small forest owners' participation, promote gender equality in the management of natural forests, and establish and maintain agro-forestry systems. He then highlighted financial needs and gaps in sustainable forest management. Those included gaps at the Government level (including lack of awareness of the forest sector), gaps in the financial sector (which was relatively small and not familiar with the forest sector) and gaps of knowledge and information in the forest sector. In 2006, forestry contributed 2.58 per cent of GDP but employed some 10 per cent of the labour force. Factors affecting the forestry sector had included the world financial crisis, the rise of new players (such as China), new laws and certification requirements, and climate change. Recommendations included improving access to forest funds, with the promotion of new mechanisms (such as ecosecuritization, private forest funds and risk-mitigation techniques). Important trends included increasing use of carbon emission bonds and trading. Mr. de Leon also stressed the importance of improving coordination and the enabling environment.

46. Sebastian Malele Mbala, National Consultant, in the Democratic Republic of the Congo, presented an analysis of the financing of sustainable forest management in that country. He explained that the Democratic Republic of the Congo had the

second largest tropical forest of any country, with 145 million hectares (62 per cent of the total land area). Those forests represented nearly 60 per cent of the forests in the Congo Basin, which included a total of six countries. They were important for the livelihoods of 40 million people and played an important environmental role, including global significance for biodiversity. Axes of national policy included comprehensive action to recognize the social, economic and environmental value of the forests, a participative approach to stakeholder engagement, equitable partnerships and the distribution of a proportion of revenues to local communities. In addition, protected areas in the Democratic Republic of the Congo had been increased to 38 million hectares (15 per cent of the total land area). Action was being taken to seek payments for environmental services, for example, through bioprospecting, conservation concessions and carbon sequestration. In addition, the Democratic Republic of the Congo was creating a favourable environment for private investment and was establishing a transparent system for allocating concessions. Mr. Mbala added that the Democratic Republic of the Congo was expecting to sign a voluntary partnership agreement with the European Union under the Forest Law Enforcement and Government process in the near future. He said that the financial needs for sustainable forest management in the Democratic Republic of the Congo were valued at $250 million between 2009 and 2016. However, following the reform process, the country had received pledges of $360 million, with $280 million already engaged or in the course of execution; of that amount, the domestic contribution was about 0.1 per cent. Particular difficulties faced by the Democratic Republic of the Congo included the challenges of a post-conflict situation and debt reduction. Recommendations for financing strategies included improving access to funding, mobilization of resources through REDD-plus, efficient and effective use of available resources, improved coordination of actions, availability of external assistance, mobilization of sustainable new sources of finance, technology transfer and capacity-building. Accordingly, Mr. Mbala proposed that there be a global forest fund to bridge the gaps and address the weakness in current financing mechanisms.

47. Marco Boscolo, from FAO, gave a presentation on the work of FAO in supporting the development of national forest financing strategies. Current work was based on lessons from a collaborative knowledge-sharing initiative in Latin America on financing mechanisms. The objectives of the initiative were to produce a broad assessment of the status, perspectives, and experiences with financing mechanisms; and to increase the capacity of national forest programmes in the development of national strategies and instruments for forest financing. Mr. Boscolo identified the potential of an integrated approach to forest finance that included public and private investments, payment schemes, improvement of the enabling environment and alignment with other national policies such as trade, credit, and investment policies. National forest financing strategies were developed through a capacity development process that included, for example, trade credit policies. The capacity development process was important and included stocktaking, sharing of perspectives by stakeholders, identifying market development opportunities, improving the enabling environment and developing a concrete action plan. Current lessons had been based mainly on experiences in Latin America, but further support was now under way in Africa and Asia. Mr. Boscolo mentioned that initial achievements included public endorsement of national forest financing strategies, selection of financing instruments for development through financial and legal assessments, involvement of rating agencies, etc. Key lessons included the

availability of significant funding at the national level; the interest in forestry by banks, social security schemes, commodity exchange (not only for productive purposes), the high potential of playing a catalytic role; and the fact that it took time to address misconceptions and develop products that met the need of both sectors. Significant funding was available at the national level, but there was a need to engage more actively with other sectors, in particular the financing sector. Playing a catalytic role could be very effective. Opportunities for support included help in partnership building and communication to address "isolation"; strengthening linkages with other sectors and key stakeholders; forming associations among small forest owners; capacity-building; enterprise development; promoting financial innovation (to address excessive "dependence" on official development assistance and Government budgets); reinvesting forest revenues into the sector; promoting access to capital markets; enabling payments for environmental services; operationalizing risk mitigation and credit guarantee instruments; and encouraging a strategic approach to finance through national forest financing strategies. Mr. Boscolo also mentioned two new initiatives to support financing for small-scale forestry in Central America and West Africa.

48. Yetti Rusli, Senior Adviser to the Minister of Forests, Republic of Indonesia, gave a presentation on sustainable forest management financing facts and challenges. Forests covered 133 million hectares, or 71.2 per cent, of Indonesia and contributed 0.8 per cent of GDP. Ms. Rusli explained that Indonesia was set to reduce emissions, compared with business as usual, on a voluntary basis by 26 per cent, and that this would rise to 41 per cent by 2020. She added that 14 per cent of the 26 per cent reduction would be forest based, and the remaining 12 per cent non-forest based. She also highlighted the linkages between forests and the Millennium Development Goals. Ms. Rusli outlined key features of the National Strategic Plan (2010-14) and explained that the financing strategy, which was based on achieving the global objectives on forests and implementing the non-legally binding instrument, would require huge investment. There was a need for a broad approach, with support through cross-sector investment and mobilization of public and private finance from national, regional and international institutions. To achieve this, it was important to have effective, efficient and transparent financial management. Sources of finance included the public budget (comprising national tax-based revenue, forest non-tax revenue and provincial and district budgets) and overseas development partnerships (bilateral and multilateral). At around $0.4-0.6 billion per year, the domestic forestry budget represented about 1 per cent of total public expenditure — and compared with estimated needs of at least $3.6 billion per year. Constraints on international funding included the diverse requirements of various funds, gaps between programme design and actual needs, duplication, time-consuming negotiation and design processes, and complex budgetary regulation. Public investments had focused on sustainable forest management capacity development, afforestation and reforestation, rehabilitation of critical lands, forest protection and conservation, and readiness for REDD-plus and voluntary carbon markets. Private investment in 2009 had amounted to over $14 billion in industrial forest plantations and to around $6.5 million in forest concessions. In addition, there were private investments in small-scale forest plantations, community-based forests, wood-processing industries, non-wood forest products, ecotourism and environmental services and ecosystem restoration. Ms. Rusli noted that financing REDD-plus readiness represented only part of the needs of financing sustainable forest management. She said that a future challenge

would be recognizing the non-market values of forests, as well as the market value of both conventional commodities and new green products such as renewable energy. She suggested that there be an additional new scheme on forest financing (bilateral, regional, multilateral) within a common platform under the Forum. This could be started by linking current available finance with new forest funding, an investment fund and other investment opportunities, combining market and non-market approaches.

49. Ms. Dai Guangcui, of the China National Forestry Economics and Development Research Centre, State Forestry Administration, gave a presentation on China's strategy and financing for forestry sustainable development. Since 1998, China had initiated a series of national key forestry programmes, which had all been incorporated into the National Economic and Social Development Plan. Policies and mechanisms for sustainable forest management included a compensation system for forest environmental services, subsidies to support sustainable forest management, subsidies for loans and forest insurance, microcredit for forestry development used by farmer households, improvements to livelihoods in forest regions through improved infrastructure, a national compulsory tree-planting campaign, forest tenure reform, and preferential taxation and fees for forest and product processing. Between 1998 and 2009, total financing had increased from 13.53 billion yuan to 137.79 billion yuan, an annual average increase of about 23.5 per cent. Sources of financing included the public sector (central and local public fiscal sectors), the private sector (banks, enterprises, individuals), foreign funds (international financial organizations, foreign Governments, foreign direct investment, grant-in-aid) and others, including non-governmental organizations. Central forestry investment accounted for about 2 per cent of central Government expenditure. The share of the central public financing in total forestry investment was around 70 per cent in 2002-2006, falling to 60.84 per cent in 2009. Impacts included annual average planting of 5.44 million hectares in the period from 1998 to 2009. Ms. Dai explained that challenges included the poor basic condition of forest resources, high demand for wood, issues of tenure reform, difficulties in planting marginal land and the needs of poverty alleviation, with 70 per cent of 250 million poor people's livelihoods relying on forests. Her recommendations included improving forest financing mechanisms for sustainable forest management, extending financing sources, improving the investment environment, and enhancing foreign investment and cooperation.

50. Peter Gondo, Africa Forest Forum, gave an overview of financing sustainable forest management in Africa. He explained that forests in Africa covered 635 million hectares, or over 21 per cent of Africa's land area, but that less than 6 per cent was under management. Sustainable forest management required substantial financial resources and one estimate from the United Nations Framework Convention on Climate Change put this at $2.7 billion per year (excluding costs of capacity-building and other upfront costs). Africa's share of official development assistance to forestry was 20 per cent (down from 33 per cent in 1973-88) and was uneven, concentrated in 10 countries. Major multilateral sources included the African Development Bank, which operated in 21 countries with a $352 million forestry portfolio that provided $72.7 million per year between 2000 and 2005; $0.8 billion was earmarked for 13 projects in 2010. GEF operated in 28 countries and the World Bank Group operated in 20 African countries. However, there were key challenges in securing official development assistance, such as complicated

procedures and long project cycles, lack of capacity to prepare proposals, and to co-finance. The largest investments were in tropical forests and very few low forest cover countries had benefited. The International Tropical Timber Organization had 10 African members, of which six received financing. Other multilateral sources included the Food and Agriculture Organization of the United Nations-National Forest Programme Facility (in 35 African countries), the global mechanism, the International Fund for Agricultural Development, UNEP, UNDP and the World Food Programme. Mr. Gondo explained that Africa's industrial forestry level was low, with trade in wood products of $4 billion, compared to a global figure of $200 billion. Foreign direct investment was in plantations (467,000 hectares between 2000 and 2009), and in wood processing and natural forests concessions in tropical forests. Most domestic private finance was in the informal sector. Mr. Gondo recognized the importance of microfinance and the need for improved linkages with the formal finance sector. He noted that there were very few examples of payment for watershed services and only two examples of debt for nature swaps; but ecotourism generated revenue in some areas and was growing, with ecotourism incomes up to 15 to 20 per cent of GDP. Global concern about climate change had resulted in forests attracting great attention, but there were only two afforestation and reforestation clean development mechanism projects proposed for Africa. While the value of voluntary carbon markets was $331 million in 2006, Africa's share was low and the distribution of projects uneven. There are three UN-REDD pilot countries in Africa and also projects under the Forest Carbon Partnership Facility. A number of REDD issues remained unresolved, such as trade-offs between various objectives (e.g., climate change mitigation, biodiversity and poverty alleviation), the distribution of payments for REDD credits to rural people, co-financing of activities required to ensure that REDD benefits are created, and the risk of limiting access to REDD financing only to forest-rich countries. Mr. Gondo also referred to other emerging instruments for forest financing, such as ecosecuritization and forest-backed bonds, and endowment funds. He concluded that financial resources from all sources were insufficient; there were inefficient revenue-collection systems and low prioritization in budgetary allocations; private sector funding was limited to forest rich countries or those with potential for plantation development; the level of investment was limited by poor infrastructure; political and macroeconomic instability, limited access to microfinance for smallholders and poorly developed microfinance products for forestry sector; and poor linkages between forestry and finance sectors. His recommendations included the development of comprehensive national financing strategies as part of national forest programmes; better integration of the forest sector within national development frameworks; creating an enabling environment for investment in sustainable forest management; strengthening microfinance to improve access to resources for smallholders; establishing an sustainable forest management/non-legally binding instrument-specific fund to mobilize funds for thematic areas not covered by existing funding mechanisms, including especially upfront financing for planning, analytical work and research, and development and national capacity-building.

51. Charles V. Barber, Forest Division Chief, United States Department of State, gave a presentation on the experience of the United States of America. He explained that the United States had the fourth largest forest estate in the world. Forests occupied about one third of the land area, or 304 million hectares. About 56 per cent was privately owned, and the private forest area accounted for over 90 per cent of production. He outlined the history of United States forestry, noting that forest lands

had been cleared for agriculture, but as agricultural production had intensified on better land, the poorer land had been recolonized by forest. Mr. Barber said that in 2010, the budget for the United States Forest Service was $6.2 billion. Spending was prioritized for national forests, research (especially pests, diseases and fire), cooperation with state and private forestry, capital improvement and maintenance, land acquisition, wild land fire management and suppression. He also emphasized the importance of having an enabling environment that included stable and well-defined institutional frameworks for land tenure and land rights, strong and relatively consistent markets for forest products, tax and regulatory systems that recognized the long-term nature of forestry investments and strong agricultural and forestry institutions that supported information delivery. He noted that increases in per capita income encouraged investment in the forest sector and citizens that valued their forests. He explained that corporate forest landowners focused on plantations and specialized processing facilities. Meanwhile, non-corporate landowners were increasingly under financial pressure to sell land for development. Potential opportunities for finance included increasing productivity of intensively managed timber plantations, expansion of the certified forest land base, forests and payments for ecosystem services (water, carbon, biodiversity), expanding the use of wood for energy and as an energy-efficient building material and expansion in the use of conservation easements to protect forest land. Turning to United States international financing for forests, Mr. Barber said that the goal was to recognize and maintain the multiple benefits of forests, namely, biodiversity, legal and sustainable production of timber, community development and livelihoods and the maintenance of ecosystem services, including REDD-plus. The United States had consistently dedicated at least $100 million a year to bilateral forest aid, with a major focus on the major tropical forest areas of the world. Another $100 million was destined for multilateral programmes, including the GEF, the Forest Investment Programme and the Forest Carbon Partnership Facility. He added that at Copenhagen, President Obama had pledged $1 billion over three years in fast-start REDD financing. Mr. Barber explained that the United States Government needed to be able to demonstrate to domestic tax payers that expenditure on international forests represented an effective use of public money.

52. Emad Al-Qudah, Directorate of Forestry, Jordan, gave a presentation that highlighted findings from an analysis of forest financing in that country, including current and potential funding sources and gaps. He said that forests in Jordan covered an area of about 87,000 hectares, or less than 1 per cent of the total area of the country. The natural forests in particular were fragmented and of low commercial value. The limited industry produced firewood (6,000-10,000 tons per year, mostly from planted forests), furniture, joinery and fruit boxes. The annual budget for the Ministry of Agriculture, which had responsibility for forests, was around $74 million. Public sector funding for forestry was derived from financial instruments under the agricultural law, the Environmental Protection Fund and entrance fees to forest areas and charges for tourist facilities and services. There was no data available on the contribution of the private sector to forest financing, but it was considered to be very limited. External financial flows included contributions from a number of key international and regional agencies that were active in Jordan. This included grants and soft loans, and the total for all sectors had more than doubled since 2004. In 2010, grants and soft loans for projects financed through foreign assistance amounted to over $3.2 billion, but only about $62 million related to agriculture and forestry. Mr. Al-Qudah explained that new sources of funds of

potential relevance to sustainable forest management were emerging rapidly and should be investigated further. However mobilizing funds from non-traditional sources required knowledge of the mechanisms and instruments that were applied in the country. Examples included debt-swaps, the Clean Development Mechanism, establishing a Forest Fund, public-private partnerships and tourism fees. He also highlighted financing gaps and key challenges for increasing financing for sustainable forest management. These included lack of integration of forests in poverty-reduction strategies and broader national development, and a lack of clarity regarding the concept of sustainable forest management and opportunities offered by forests in sustainable development. In addition, there was a lack of reliable data on forest resources which were usually needed to identify priorities for actions. According to that analysis, it was clear that sustainable forest management would require external financing. Mr. Al-Qudah also suggested that a number of steps be taken towards the improvement of legislation and institutional arrangements, including research and capacity-building. Forest components should be clearly and effectively included in the relevant national development plans and strategies. This should be remedied by creating awareness among decision makers with regard to the potential contribution of the forest sector to national sustainable development. In addition, a proportion of forests entrance and service fees, such as concessionaire licenses, fines and fees, should be returned to the Forest Department to support protection, interpretation and maintenance, as well as local development. Other recommendations included the use of positive incentives to reduce the loss of forests, and to promote reforestation, afforestation, and rehabilitation, and coordination with relevant regional and international organizations.

Summary of interactive discussions

53. During the ensuing discussion, experts recognized that identification of needs should be the starting point for developing specific national and regional strategies on mobilizing financing for sustainable forest management. There was a clear link with national forest programmes and similar documents, which had to be accompanied by financing strategies in order to be effective. The importance of indicators for effective monitoring and evaluation processes and their integration in the national forest programmes, as well as strengthening capacity to improve effectiveness of those programmes were highlighted among the factors for effective forest financing strategies. It was noted that, at the practical level of implementing sustainable forest management, there was likely to be considerable synergy between REDD-plus readiness activity and capacity-building for sustainable forest management. Meanwhile, some experts pointed out that REDD-plus may not bring financing for small countries, as they have small forest areas. Therefore, other ways of attracting necessary resources had to be considered for those countries.

54. Experts highlighted the importance of effective engagement with the private finance sector and understanding the requirements of that sector in relation to financing sustainable forest management. That included understanding the timescales for financial returns; identifying business opportunities (opportunity costs); and analysing risks and risk-mitigation strategies, such as insurance and diversification of investment portfolios. Information should be packaged and transmitted in language understood by the financial sector (including, for example, investment criteria and the "triple A" type rating systems). Lack of knowledge was a key barrier for potential investors who may (for example) be adversely influenced

by press reports of forest fires, etc. Examples were given of successful dialogue with the financial sector, with intermediaries helping to explain the benefits of forest-related investments. It was noted that some potential investors had expressed interest in the full range of forest-related benefits, including carbon sequestration, water catchment functions and biodiversity, as well as returns from timber production. However, it was also noted that the nature of the financial sector varied between countries. Furthermore, some investors were only interested in commercial profit, even where this was not consistent with sustainable forest management. Confidence and trust were key ingredients in building market relationships. While the creation of an enabling environment was necessary to attract investment for sustainable forest management, there needed to be analysis of the specific requirements of different types of investors and critical factors for different countries.

55. It was recognized that public sector funding was required in order to support elements of sustainable forest management that were less attractive to the private sector. This was the case where the full value of forests and related ecosystems was not properly valued by the market. Public sector funding could also bring increased economic benefits through the multiplier effect. It was important to understand the sustainability of different funding approaches, and the potential scope for drawing public support (for example, where it was needed in the early stages of an infant industry). Public-private partnerships had also been successful, for example, where there were payments for environmental services (such as provision of water supplies). Approaches to financing sustainable forest management would vary according to circumstances, but it was important to understand when particular models could be replicated, scaled-up, or adapted.

56. Experts also discussed some of the factors that had led to success in attracting international funding for sustainable forest management. For example, the presentation from the Democratic Republic of the Congo highlighted significant funding pledges for the Congo Basin. They reflected the global importance of those forests and the commitment, at the national level, to measures that included the designation of large protected areas and reform of concessions. Donors had also been attracted by the strength of the partnership at the regional level. Another example that was given of this regional approach was an initiative relating to forest areas around the Mediterranean Sea. More generally, it was suggested that beneficiaries would find it easier to attract funding where they were proactive and could show that funding was likely to lead to tangible results. With regard to accessing both international and domestic funding, it was useful for forestry departments to have staff members with a good understanding of the relevant procedures and practices. Moreover, promoting partnership among countries should be considered as a tool for attracting additional resources for forests.

57. Experts emphasized the importance of local communities and indigenous peoples and their critical role in securing sustainable forest management on the ground. Examples were given of meaningful economic participation by indigenous peoples as resource owners, and of other payments to local communities, including the channelling of support through an alliance of local forest communities with large numbers of individual members. Human capital was needed alongside access to finance. The active participation of youth was also recognized as important, and examples were given of educational and other initiatives that aimed to improve understanding of the benefits of sustainable forest management.

Topic 2. Progress made by the existing and emerging forest-related financing mechanisms and processes to mobilize financing for sustainable forest management

Summary of presentations

56. Dirk Gaul, from the GEF secretariat, highlighted the GEF-5 sustainable forest management/REDD-plus programme. The overall replenishment for GEF-5 (2010-2014) was $4.3 billion. GEF projects were country-driven and funding for forest-related projects mainly derived from the three focal areas of biodiversity, climate change and land degradation. In addition, a separate $250 million funding envelope for sustainable forest management/REDD-plus had been established for GEF-5. Thus far, GEF had funded more than 350 sustainable forest management projects with $1.7 billion. While addressing the GEF-4 sustainable forest management programme created in 2007, Mr. Gaul mentioned its lack of a separate funding envelope. He reported, however, that it drew on resources from the three focal areas. In addition, he highlighted the Tropical Forest Account, depicting it as a $40 million GEF pilot in REDD-plus. He talked about the rich portfolio of sustainable forest management projects in GEF-4. In that context, he underscored the United Nations Forum on Forests and UNEP project currently under way on facilitating financing for sustainable forest management in small island developing States and low forest cover countries, which will also benefit from GEF financing. Mr. Gaul described the independent GEF-5 sustainable forest management/REDD-plus strategy, including the potential scope of projects (e.g., national forest policy reformulation, protected area management, capacity-building for monitoring greenhouse gases from deforestation and forest degradation, certification of timber and non-timber forest products, etc.). The separate funding envelope would be used as an incentive mechanism. It was expected to raise up to $750 million for sustainable forest management/REDD-plus from the three focal areas of biodiversity, climate change and land degradation. Altogether, GEF provided up to $1 billion for sustainable forest management/REDD-plus projects and programmes for the period 2010-2014. One of the conditions for accessing such financing included bridging investments from at least two GEF focal areas to maximize multiple benefits. He added that sustainable forest management/REDD-plus projects carried an enormous potential to generate multiple environmental and social benefits.

57. Tuna Vähänen, from the secretariat of the UN-REDD Programme, presented an overview of three multilateral initiatives, namely, the Forest Carbon Partnership Facility and the Forest Investment Programme, both hosted by the World Bank, and the UN-REDD Programme, a collaborative programme of FAO, UNEP and UNDP. She described the state of play of REDD-plus, emphasizing the links to broader development goals and the pending negotiations on the issue within the context of the United Nations Framework Convention on Climate Change. Turning to the Forest Carbon Partnership Facility, Ms. Vähänen introduced the readiness fund focusing on capacity-building, amounting currently to $152 million (commitments and pledges); and the carbon fund for payments for verified emission reductions, which currently amounted to $76 million. Within the readiness fund, the Forest Carbon Partnership Facility had selected 37 REDD-plus countries, and was governed by the Participants Committee, which took the decisions on grant allocations. She also highlighted the fact that 11 countries had signed a grant agreement on the basis of approved national readiness-preparation proposals, for which the Forest Carbon Partnership Facility had approved a grant of $3.6 million

each. The various roles of the World Bank, serving as the secretariat, trustee of funds and the delivery partner, were also described.

60. As for the Forest Investment Programme, Ms. Vähänen presented its focus in supporting developing countries' REDD-plus efforts, in particular, serving as an up-front financing bridge for readiness reforms and public and private investments, to address the underlying causes of deforestation and forest degradation. In total, contributor countries had pledged $542 million, mainly in the form of grants. With regard to opportunities for REDD-plus collaboration, she mentioned phase II of REDD-plus, which targeted investments linked to phase 1 (readiness) and phase 3 (performance-based payments). Moreover, she reported that most of six Forest Investment Programme pilot countries were already involved in readiness activities supported by the Forest Carbon Partnership Facility and/or UN-REDD.

61. With respect to the UN-REDD Programme, Ms. Vähänen underlined its current funding portfolio of $105 million from three donor countries, to support the readiness phase of REDD-plus. Specifically, the programme tailored country efforts to national REDD-plus strategies and helped to enhance coordination. She described the UN-REDD as a United Nations joint FAO/UNDP/UNEP programme established in 2008. Among its profile and development perspectives, the programme focused on national (nine pilot countries) and international level action and had a fast-track record for disbursing funds for the national joint programmes, with a focus on capacity-building and stakeholder engagement. Specific to future view, she underscored the importance of scaling up the programme to meet the growing demands. Adding to this, she highlighted the value of planning joint delivery measures with the World Bank-hosted initiatives Forest Carbon Partnership Facility, Forest Investment Programme and other sustainable forest management/REDD-plus initiatives and programmes; continued assistance to REDD-plus readiness initiatives; future supportive roles in the implementation phase; and the joint effort with Forest Carbon Partnership Facility and Forest Investment Programme to provide secretariat services to the REDD-plus partnership. As concrete action, she underlined the need to ensure the ongoing work towards common delivery channels at the national level, with delivery partners, through joint planning and missions and common standards and templates. She also highlighted the positive example of the Democratic Republic of the Congo, with regard to the Government's efforts to streamline funding requests from the Forest Carbon Partnership Facility and UN-REDD Programme.

62. Kmal Elkheshen, from the African Development Bank, presented the Congo Basin Forest Fund, a multi-donor special forest financing mechanism to preserve forest resources of the Congo Basin. The Fund was demand-driven, quick to access and had a quick disbursing facility. As an innovative forest financing mechanism, the Fund used the portfolio approach, combining financial products and services to raise financial resources for effective action on forests. It merged three of the six of the Bank's major financial product and service types, including: public sector funding, payments for ecosystem services and the engagement of philanthropic leaders. Mr. Elkheshen explained the Fund's livelihoods focus, targeting different economic activities, reforestation aspects and how stakeholders could implement different actions. He also highlighted the alarming rates of deforestation, particularly in Africa, which was losing 4 million hectares of forests per year. Logging, shifting agriculture, population growth, and oil and mining industries were all putting increased pressure on Africa's forests. He added that curbing the rate of

deforestation was essential for many reasons, including maintaining the carbon-storing capacity and the ecological services that forests provided, such as biodiversity, watershed protection and recreation. To ensure sustainability, the Fund had been assisting local communities to develop capacity to build livelihoods, consistent with the conservation of forests. The approach aimed to develop the forest management capacity of national and/or regional institutions to help to reverse the rate of deforestation through new financial mechanisms and appropriate models. Key lessons learned for achieving sustainability pointed to the need for incentives and policies to motivate and engage all stakeholders and, likewise, to ensure that the selected policies addressed the underlying problems. Mr. Elkheshen also noted the importance of good governance and clear indicators to measure performance. Future actions included advocacy measures to mobilize greater resources for the Congo Basin Forest Fund, creating partnerships with other institutions involved in the preservation of the Congo Basin Forest Ecosystem, developing strategies and programmes to leverage more financial resources, and reducing the process and time frame for the approval of projects.

Summary of interactive discussions

63. During the discussion, experts highlighted the difficulties of accessing funds and the associated high transaction costs. Different funds had different rules and requirements (both for applications and reporting). Countries applying for funds needed adequate expertise, and this was better provided through the development of human capacity, rather than provision of short-term external input. It was also emphasized that there could be considerable delay between making applications and securing funding. Experts working for funding agencies explained that there was a need to balance speed of disbursement with safeguards to ensure that the funding was used effectively and thereby resulting in desired outcomes. They sought to minimize the time that it took to process applications, but initial concepts needed to be worked up into full project proposals; those proposals needed evaluation, and then further work to address issues raised in that evaluation; and there was a need for due diligence procedures. Another related issue was availability of information about funding sources and criteria for applications. It was noted that the Collaborative Partnership on Forests Sourcebook was a good source of information, with links to individual websites that contained further information. Experts also discussed the setting of priorities. While individual funds had their own overarching policy framework, allocations also took place according to country priorities. It was important to ensure that forests were identified within country priorities, for example, in relation to their role in improving livelihoods and reducing poverty. In addition, it was necessary to have in place effective indicators for monitoring and evaluation so that positive outcomes from forest programmes could be clearly demonstrated in quantitative terms. It was noted that this was also important for donor countries, as they needed to be able to justify expenditure on official development assistance to their finance ministries.

64. Experts also addressed the important issue of mobilizing new and additional resources. It was clear that, at present, there was inadequate financing for sustainable forest management. For example, while around $6 billion was available, largely for REDD-plus-related activity, studies had shown that $25 billion per year was needed to reduce global deforestation by 25 per cent. While every effort should be made to secure access to private sources of finance, it was recognized that these

would not provide the complete answer, especially in relation to provision of public goods. It was noted that the opportunity costs of establishing protected areas and reducing production of timber and other products could be very high, and this, as well as direct costs, needed to be taken into account. Furthermore, there were serious gaps in funding. In particular, available funding was concentrated on countries with high forest cover, and on particular challenges, such as climate change mitigation. In that context, experts discussed the role of a voluntary global forest fund. This would have the advantage of providing a "one-stop shop" for forest-related funding applications, and could have a single set of procedures. It could address the problem of fragmented resources and the focus would be on sustainable forest management, the global objectives on forests and implementing the non-legally binding instrument. Some experts said that this would help to attract new, additional and predictable resources, while other experts said that there would still be a need to make the case to potential donors for an increase in forest-related funding, for example, in terms of the global public goods delivered by forests.

IV. Facilitative process

65. A morning plenary session was held on the facilitative process, with an update of activities and suggestions for future action.

Summary of presentations

66. Dr. Benjamin Singer, of the United Nations Forum on Forests secretariat, gave a presentation on the Forum's Facilitative Process on Forest Financing. He explained that, in the resolution on the means of implementation of sustainable forest management adopted at the special session of the ninth session, the Forum had the Facilitative Process established as part of the resolution on forest finance. He said that this action represented one of two components of the Forum's plan to develop a comprehensive strategy on forest financing. It was envisaged that the Open-ended Intergovernmental Ad Hoc Expert Group and the Facilitative Process would work in a complementary and synergistic fashion, with the Group providing a top-down approach with strategic guidance and the Facilitative Process providing a bottom-up approach by producing data and facts from the field. The resolution identified eight functions for the Facilitative Process, two of which were to assist in mobilizing and supporting new and additional financial resources from all sources for sustainable forest management, and in identifying obstacles to, gaps in and opportunities for financing sustainable forest management. Dr. Singer explained that the project on financing for sustainable forest management in small island developing States and low forest cover countries had been financed through voluntary contributions of over $1.5 million from the United Kingdom and GEF. Small island developing States and low forest cover countries had been selected for the study because both categories had suffered from a particularly sharp decline in forest financing over a 20-year period. Indufor Oy (Finland) had been employed to undertake the first component of the project. Following that component, which would be presented by Mr. Salmi of Indufor immediately following Dr. Singer's presentation, the project would be taken forward through two further components. Component II would consist of four international workshops (two in small island developing States and two in low forest cover countries) where stakeholders would be able to discuss the findings from the initial work and become more closely

engaged with the project. Component III would consist of a revision of the analyses, together with a communications strategy to reach out to all forest financing stakeholders. Dr. Singer noted that donor support would be necessary for further projects that could make it possible to extend this approach beyond small island developing States and low forest cover countries, to (a) forest financing in Africa and least developed countries and (b) assessing the impact of REDD-plus on forest financing.

67. Jyrki Salmi, of Indufor Oy (Finland), presented the initial findings from the Study on financing for sustainable forest management in small island developing States and low forest cover countries. He explained that a 2008 study by the Collaborative Partnership on Forests Advisory Group on Finance on financial flows and needs[a] had detected a particularly steep decline in development cooperation financing for forests in small island developing States and low forest cover countries. As a result, this first phase of the 2010 study of the United Nations Forum on Forests assessed present financing flows and demand for financing, and analysed specific problems, challenges and opportunities in mobilizing additional financing. In addition, it studied the enabling environment that would be conducive for enhanced forest financing. The study covered 49 low forest cover countries and 38 small island developing States. There were also seven case study countries, namely, Cape Verde, Fiji, Jordan, Kyrgyzstan, Mali, Trinidad and Tobago, and Uruguay. Conclusions from this part of the study had been drawn from an analysis of available data, an e-mail survey of 87 countries (albeit with a low response) and the case study work.

68. General conclusions on small island developing States were that they comprised a heterogeneous group with common disadvantages of small size and strong competition for land. Many small island developing States were biodiversity hotspots, but most had fairly well conserved forest cover. There was typical vulnerability to natural hazards, such as storms, volcanic eruptions, earthquakes, fires, landslides and tsunamis. Their economies were small and many small island developing States were far from international markets. In many small island developing States, forests were not considered a priority in national development policies; 22 countries of the 38 small island developing States had identified forests and trees outside forests in their development strategies. Only half of the small island developing States in the study had a forest policy and/or legislation. Forests were recognized in national policies in those small island developing States with more significant forest resources (e.g., Fiji, Guyana, Papua New Guinea, Samoa, Solomon Islands and Suriname). Capacity for forest administration and law enforcement, where it existed, was limited, owing to inadequate resources. Currently, official development assistance was a major source of forest financing in small island developing States; however the volumes and the share of small island developing States from total forestry official development assistance had been decreasing (to about $5 million in 2008). Official development assistance allocation was reasonably equally distributed between countries. In many small island developing States, the commercial forest sector was marginal or absent. Watershed services were often important; but the potential for climate change-related financing of forests was unlikely to be significant, although adaptation to rising sea levels and

[a] "Financial flows and needs to implement the non-legally binding instrument on all types of forests", a study prepared for the Advisory Group on Finance of the Collaborative Partnership on Forests, chaired by the secretariat of the United Nations Forum on Forests.

increasing storms was crucial. Tourism was likely to have a major potential for generating new sources of forest finance in many small island developing States. The recommendations in the study included the need to recognize and value all forest products and services and internalize them in GDP; integrate forests into relevant policies, such as agriculture, water, environment, climate, energy, tourism and infrastructure, with a cross-sectoral approach to land-use planning and forest financing; promote payment for environmental services, particularly for watershed services; special support to forestry education and training; and studying linkages between forest and tourism sectors through in-depth case studies.

69. General conclusions on low forest cover countries were that, while the forest sector was marginal in many low forest cover countries, forests and trees outside forests played important, supportive roles in rural livelihoods, particularly in agriculture and animal husbandry. Many low forest cover countries were facing challenges related to deforestation, forest degradation, desertification and soil degradation; furthermore, in developing low forest cover countries, food production and food security were national priorities. There was competition for land and water resources with agriculture, and pressure on forests from grazing and fuel wood collection. While forests were integrated in agricultural, environmental and poverty-reduction policies in many low forest cover countries, less than half of them had an official forest policy document. The volume of forestry official development assistance in low forest cover countries had been decreasing slightly (to about $12 million in 2008), but forestry official development assistance was unevenly distributed among the low forest cover countries, with least developed countries being particularly disadvantaged. Forestry development was the largest thematic area of forestry official development assistance (60 per cent). There was limited available information on financing sources other than official development assistance, but environmental services, such as water, could potentially provide opportunities for fund mobilization. A few countries had carbon projects, most of which were forest bioenergy-related. Opportunities for carbon financing through afforestation were restricted where there was heavy pressure on the availability of suitable land. As with small island developing States, the recommendations in the study included the need to recognize and value all forest products and services and internalize them in GDP. Integrated financing strategies were also recommended to improve the coordination of finance planning and to tap the cross-sectoral financing potential, with in-depth studies of linkages between investments in the agricultural sector and forests in low forest cover countries.

Summary of interactive discussions

70. During the discussion, experts made a number of suggestions, including proposals as to how this work could be taken forward. It was noted that it would be useful to engage with the low forest cover country secretariat in Teheran during the next phase of the study. In addition, further work on the Facilitative Process was dependent upon funding through voluntary contributions to the United Nations Forum on Forests Trust Fund. Additional organizations, including FAO and the West African Economic and Monetary Union, also declared their willingness to contribute. Emphasis was also given to the importance of developing forest policies and making linkages with other policies, noting for example the impact on forests of agricultural policy and related fiscal systems. Experts highlighted the need for information and evidence in order to demonstrate the value of forests to other policy

agendas. In this context it was noted that a broad definition of forests should be used, in which their wide range of functions, values and benefits was recognized. Experts explained that marginalization of the forest sector was less likely to be a problem where there was widespread understanding and commitment among the public and decision makers about the important role that forests played, for example, in relation to livelihoods, food security, climate change, water, biodiversity and the role of coastal forests in protection and fisheries management. It was noted that a number of low forest cover countries had already been successful in addressing problems of low forest cover and it was useful to learn lessons from their experience.

V. Keynote speeches: feasible and realistic strategies for financing sustainable forest management: making the discussion on strengthening existing financial mechanisms and processes, and other options, including on establishing a voluntary global forest fund, a win-win opportunity

71. An afternoon plenary session was held, which focused on two keynote speeches.

Summary of presentations

72. Sergio Weguelin, Deputy Director of the Environment Area at the Brazilian Development Bank, gave a keynote speech on the Amazon Fund. As the main Brazilian development financing entity, the Bank provided financial support mechanisms leveraging funds from various sectors to Brazilian companies and public administration entities to enable investments in all economic sectors. Apart from managing the Amazon Fund, the Bank analysed, approved and contracted projects with a focus on the conservation and sustainable use of the Amazon biome forests. It also monitored, tracked and settled accounts, maintaining the resources from donations in separate accounting records. The Fund's coverage extended to all Amazon countries — Bolivia (Plurinational State of), Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela, as well as to other regions and tropical countries. In that context, reduction of deforestation, promotion of sustainable productive activities, strengthening scientific and technological activities and promotion of conservation and protection of protected areas were the key pillars of the Fund. Thus far, over 100 projects had been presented. Financing exports of Brazilian goods and services in projects carried out overseas was also a key target.

73. In describing the funds, Mr. Weguelin highlighted the fact that projects on the reduction of emissions from deforestation should finance the conservation and sustainable use of forests and demonstrate the feasibility of the incentive mechanisms. While the Fund had received donations from foreign Governments, at present, it was setting up a structure to receive donations from other sources, including multilateral institutions, non-governmental organizations, companies and individuals. Mr. Weguelin described the first donation agreement with the Government of Norway, highlighting the governance structure, particularly the technical and guidance committees. He noted that the latter comprised nine agencies of the federal Government, nine states of the Brazilian Legal Amazon and six representatives of civil society. In moving forward, he addressed the need for analytical work and knowledge generation, including systems for attributing proper

value to the benefits derived from goods and services provided by forests. The contribution of sustainable forest management to the broader development goals and the links between the Fund and the United Nations Forum on Forests global objectives on forests were also presented. The importance of transparency, accountability and the development of good governance indicators were also emphasized. In concluding, he expressed his view of the region's vast potential as a leading emerging economy.

74. Markku Simula of the Department of Forest Sciences of the University of Helsinki, presented elements towards feasible financing strategies for sustainable forest management. He identified areas in which consensus already existed and requirements for forest financing strategies at both international and national levels. There were two main pending issues to be addressed, namely: (a) how to mobilize new and additional financing from all sources; and (b) through which mechanisms should such financing be arranged at the international level, considering two mutually non-exclusive options: (a) strengthening of the existing and emerging mechanisms on different levels; and (b) establishment of new facilities such as global or regional forest funds. There were various ways through which the existing arrangements could be strengthened but in many cases more clarity was needed on how they could be implemented in practice. A global forest fund could be a new element in international arrangements but it required conceptualization and agreement on its configuration and role. Nevertheless, a set of arguments in favour and against such a solution should be identified by stakeholders. There were also several opportunities for innovation to mobilize financing for sustainable forest management but their potential to mobilize new resources needed clarification. It appeared that no single instrument could support all needs and any new facility or facilities should be based on confirmed, long-term adequate funding. REDD-plus was expected to mobilize large-scale funding for forests but there would likely be major strategic gaps in filling them and private sector financing would have a pivotal role.

Summary of interactive discussions

75. The Amazon Fund was recognized as an interesting and promising model for financing activities to reduce deforestation and with extensive other benefits. Positive features in the Fund as identified by participants included its regional approach, stakeholder involvement, broad range of eligible beneficiaries, local level fund delivery and implementation, emphasis on sustainable development of the Amazon based on its productive functions, mechanisms to leverage funding from other sources, including the private sector, the governance structure, accountability in achieving the targeted objectives, including indicators of measurement, sharing of experience, and a sunset clause. The Amazon Fund could benefit from any global level financing arrangement for sustainable forest management, as it currently had only one donor. Parallel to the Amazon Fund, the Brazilian Development Bank was directly financing forestry investments and planned to launch a private equity fund in September 2010 to encourage private investment in forests.

76. A global forest fund could take the form of a "fund of funds", which would enable investment in eligible existing national and regional funds. This would ensure that implementation would take place on the national and local levels and consistent with their own priorities, which was considered necessary. Some developing countries had national forest funds which could benefit from a global

fund, but such facilities were lacking in many cases. A global "fund of funds" could be a source of knowledge and information for investors, thereby facilitating efforts at the national level and its transaction costs could be streamlined. It could also provide common guidelines for successful investments, including appropriate safeguards.

77. It was noted that a global forest fund could be a key instrument, which was currently missing, to implement the forest instrument. Its establishment could ensure equitable participation in decision-making and would help to build trust between developed and developing countries. It could also contribute to addressing the problem of the current low concentration of forest official development assistance in a small number of countries from a small number of donors. In particular, the needs of the least developed countries and low forest cover countries needed to be given a priority.

78. The potential capacity of a new global fund to mobilize new and additional financing on a sustained basis and on a required scale was not clear. If sources such as the proposed Tobin tax could be tapped, that problem might be avoided. It was noted that any new mechanism should target transformational change so that private financing in sustainable forest management would be mobilized. A common vision on sustainable forest management as a common goal was needed among stakeholders, including investors and financial intermediaries, who should be educated on the opportunities and associated risks in forestry investments. It was noted that a new fund could suffer from bureaucratic procedures, long project cycles and ineffectiveness, which should be mitigated. It was also pointed out that there should be arrangements for facilitated access to financing by local communities and forest-dependent people.

79. It was stated that, as no single instrument could solve the problem of sustainable forest management financing on a global level, there was a need to draw on the existing and emerging mechanisms and innovations in forest financing recently being undertaken. Important lessons were being accumulated in the implementation of REDD-plus financing and needed to be borne in mind in the consideration of any new facilities. In addition, the recently launched GEF Sustainable Forest Management Programme was likely to address some gaps in the existing financing arrangements. The limitations of official development assistance in targeting catalytic transformational interventions and the likely declining trend in traditional forest-related official development assistance also needed to be considered in that context.

80. There was a common view that further work was needed to explore the current needs of sustainable forest management financing and to what extent they could be met through the functions of existing and emerging sources. Based on such a stepwise approach, the feasibility and potential added value of a new instrument, such as a global forest fund, could be assessed within the overall international financing architecture for sustainable forest management.

81. Finally, it was observed that the crux of the problem of sustainable forest management financing was probably at the national level. Country experiences showed that success in national level financing often depended on political commitment, prioritization of forest finance, clarity about objectives to be achieved, implementation decisions on a sufficiently large scale to have a true impact, accountability and adjusting strategies based on accumulated experience. When

those were in place, together with enabling conditions and country capacity, it was easier to attract whatever external financing and support was needed.

VI. Required actions to strengthen mobilization of and access to financial resources for sustainable forest management, including areas for quick action

A. Break-out group 1: national and regional actions

82. During their discussions on national and regional actions to strengthen mobilization of and access to financial resources for sustainable forest management, and areas for quick action, experts highlighted a number of clear themes. They recognized that trust — for example between beneficiaries and donors or investors — was fundamental to accessing finance. Trust could be built through strong partnerships, good governance, a positive enabling environment and confidence that resources would be used efficiently and effectively, but unreasonable conditionalities and bureaucracy could undermine trust. Experts also stressed the importance of capacity-building, which was necessary, for example, to put in place arrangements for project development, monitoring and evaluation. In addition, they recognized the importance of political will, which was a prerequisite for securing financing for sustainable forest management in both developing and developed countries.

83. Experts highlighted the challenge of communicating messages about the value of forests to political leaders and the public. They recognized that those messages needed to be based upon sound evidence regarding the values of forests to the economy (including the informal economy), to poverty reduction and to the environment. Work was needed to provide this evidence and put together convincing arguments about the value of forests, for example, in terms of "green" GDP. Communication channels included meetings to share information with peers and to brief decision makers in other sectors about forests. Experts referred to positive and negative examples of securing intersectoral cooperation. They stressed the need to develop national forest programmes (and associated forest financing strategies) that were integrated within national development strategies. They noted that, at the national level, partnerships were important in building trust between different parts of government, civil society, the private sector and local communities. Partnerships could also be very powerful at the regional level. Experts recalled earlier presentations about partnerships in the Congo Basin and the Amazon, as well as a forthcoming initiative relating to forests around the Mediterranean Sea.

84. Experts explained that analyses of funding needs should be based on a clear understanding of the different roles of forests. Where the primary role of forests was economic (for production of timber and non-wood products), financing for sustainable forest management should be built around private sector funding, also recognizing that public funds could catalyse investment and help to create the necessary enabling environment. Where the primary role was environmental, a clear case could be made for public funding — from national, regional and global sources and depending on the scale and nature of the environmental benefit. Many experts highlighted the urgent need for a global forest fund to introduce new and additional resources. Experts also discussed the role of dedicated funds established at the national level, relating for example to forests, biodiversity or climate; such funds could provide a useful mechanism for channelling dedicated global funding.

However, others also noted that a proliferation of separate funds could be problematic. Another proposal for mobilizing additional finance was the improved capture of income from forests through rents, other payments and formalization of the informal sector; such additional income could be used to help local communities to meet the costs of sustainable forest management.

85. There was also discussion about improving existing financing mechanisms, which were not sufficient to meet the needs of sustainable forest management and had particular thematic and geographic gaps, such as low forest cover countries and small island developing States. Experts suggested that there were opportunities to improve these mechanisms by making them more flexible and giving more priority to sustainable forest management, by reducing bureaucracy, shortening the time that it took to approve project applications and by making existing mechanisms more flexible. It was suggested that further progress in taking forward the eight functions of the facilitative process would help to strengthen mobilization of and access to financial resources for sustainable forest management. In addition, it was noted that Mr. Simula's earlier presentation had identified a number of important action points as the way forward. Furthermore, it would be helpful if key messages from the meeting were conveyed to the FAO Committee on Forests at its forthcoming meeting in October.

B. Break-out group 2: international actions

86. Participants noted that the non-legally binding instrument and the global objectives on forests were more than a consensus; they were firm commitments from both sides which should be implemented. National level action was critical, but international cooperation was also needed to achieve the four global objectives on forests. If there were signals that traditional forest official development assistance may be declining in the future, strategies and actions were needed by developed countries to enable them to reverse the trend, either by replenishment or reallocation. Developing countries should develop their own strategies to mobilize funding from domestic sources and to create enabling conditions for financing. The absence of a priority for forest financing was observed at the national level, both in developing and developed countries, as well as at the international and regional levels. Strategies should be based on the global benefits that forests provided and the multiple contributions to achieving national sustainable development and poverty reduction, in particular.

87. Access to financing continued to be a fundamental constraint. The variety of potential funding sources did not mean that they were readily accessible for sustainable forest management financing. It was not always clear how the various funding windows could support sustainable forest management-related activities, as their priorities and criteria did not make direct reference to sustainable forest management. An important lesson had also been learned on the lack of success of the Clean Development Mechanism of the Kyoto Protocol in financing forest activities which showed that meaningful criteria and simple procedures should be in place to make such instruments truly accessible to beneficiaries in developing countries.

88. In international assistance, there was a chicken-and-egg problem. If the recipient could not have access to funding sources and prepare adequate proposals,

there was no effective demand. Therefore, technical capacity-building assistance should be provided together with financing.

89. Forest financing from the existing funding mechanisms could be expanded if it could be demonstrated that sustainable forest management could contribute to their specific objectives. This could also help to leverage private and public funding for sustainable forest management. Effective engagement of the private sector was not possible without enabling conditions and governance was a key aspect. A close linkage between catalytic official development assistance and follow-up private investment was considered a way to ensure long-lasting contribution of sustainable forest management investments to sustainable development. It was also noted that the contribution of the markets for forest products and trade facilitation should be given due attention in raising financial resources for the productive activities of sustainable forest management.

90. Many participants called for urgent action to be taken to establish a global forest fund within the framework of the United Nations. They emphasized that there could not be an adequate response to implement the non-legally binding instrument and to achieve the global objectives on forests without such a fund. It should provide equitable and open access to all countries, have no conditionalities and minimum bureaucracy, and a balanced governance structure. The fund could assist countries in establishing an enabling environment, build up technical capacities, carry out analytical work, make direct investments and leverage private sector financing. Some participants noted that there was no need for further studies on the subject but that the work could progress based on submissions of the members of the United Nations Forum on Forests and major groups on the characteristics of such a fund. It was mentioned that each main forest function (ecological, economic, social) may need its own global fund.

91. On the other hand, other participants emphasized that it was necessary to assess the actual needs of sustainable forest management financing in countries for which functions and actions funding was needed; what was currently delivered through various existing channels, how that could be increased considering both demand and supply; and the potential of emerging and new innovative mechanisms to mobilize funding for sustainable forest management (including REDD-plus), including the private sector. Based on those elements, a detailed problem statement could be developed, together with a respective strategy for enhanced international financing, including assessing the viability of a new instrument, such as a global forest fund. That work would benefit from submissions from Member States to identify gaps and measures needed to improve the existing situation. It was emphasized that there should be a compelling case for a new fund for forests and that it may have to have innovative elements to make it work in view of the diversity of country situations and potential beneficiaries.

92. Through the forest-climate interface and several high-level initiatives, significant social capital at the highest political levels existed which should now be capitalized upon to recognize all aspects of sustainable forest management. This was needed both in developing countries, to bring forests into the priorities of sustainable development, and in developed countries, to create awareness and acceptance for additional funding to forests. There was a need for proactive action at all levels (including the United Nations Forum on Forests and other forest-related international organizations) to ensure that the holistic view of sustainable forest

management would be part of REDD-plus. The focus should be on multiple benefits, but there should be clarity about what "forest" and its sustainable management meant. Effective communication was needed, drawing on factual information such as the ongoing Economics of Ecosystems and Biodiversity study by UNEP.

93. Several ideas to be undertaken by the facilitative process were proposed: country-level support should be provided to facilitate access to existing sustainable forest management financing sources, particularly in priority cases which were least equipped to prepare their requests (e.g., least developed countries, low forest cover countries). Countries which had not yet done so should prepare convincing approved plans ("a business case") for their forest development to mobilize both public and private financing for sustainable forest management. The facilitative process could also identify ways to simplify access to existing funding sources and carry out more useful country case studies. The facilitative process could also look into ways to engage the private sector in sustainable forest management, as most international organizations had not worked on that. The idea of developing a national sustainable forest management index (in the same way as the World Economic Forum's Competitiveness Index) was proposed as a tool for communication and for attracting greater attention from Governments and other stakeholders. The need for continued work on the existing study on low forest cover countries and small island developing States was highlighted.

94. There may be a need for facilitation among donors to increase financing for sustainable forest management, including improved coordination and expansion of the funding base and to consider an appropriate balance in the delivery between bilateral and multilateral channels to optimize effectiveness in the use of funds drawing on the competitive advantage of these mechanisms.

95. Regional cooperation also required adequate resources to make it effective. The past experience in the Congo Basin and West Africa showed that good planning and political commitment were necessary. Regional organizations could be effective channels for sustainable forest management funding and harmonization of policies.

VI. Co-Chairs' proposals for intersessional activities

96. The resolution on the means of implementation for sustainable forest management adopted by the special session of the ninth session of the United Nations Forum on Forests called for the mobilization of financial resources from all sources to support the implementation of sustainable forest management, the achievement of the global objectives on forests and the implementation of the non-legally binding instrument on all types of forests, including, inter alia, strengthening and improving access to funds and establishing a voluntary global forest fund, taking into account the results of the Forum's review of the performance of the facilitative process, views of Member States, and a review of sustainable forest management-related financing instruments and processes.

97. Based on presentations by 28 experts in keynote speeches, workshop panels, the first component of work under the facilitative process and the extensive exchange of experience and views among about 200 experts from 68 countries, and 23 international and regional organizations, and major groups participating in the first meeting of the Ad Hoc Expert Group, the Co-Chairs were afforded a substantive platform of experience, ideas, information and views upon which to base

their proposals on intersessional activities. Those proposals focused on the scope of further work which would further advance the understanding of forest-financing opportunities, gaps and possible modalities, including through intersessional actions, analyses and activities to be taken in preparation for the second meeting of the Ad Hoc Expert Group.

98. The work undertaken both by the first meeting of the Ad Hoc Expert Group and the facilitative process following the resolution adopted at the special session of the ninth session of the United Nations Forum on Forests on 30 October 2009 provided the basis for the proposed further intersessional activities to be considered by the United Nations Forum on Forests at its ninth session. The intersessional period addressed in those proposals took into account work to be carried out following the ninth session of the United Nations Forum on Forests and in preparation for the second meeting of the Ad Hoc Expert Group, and the tenth session of the United Nations Forum on Forests.

99. Based on the in-depth discussions by experts at the first meeting of the Ad Hoc Expert Group, the Co-Chairs offered the following proposals on intersessional activities, for consideration by the United Nations Forum on Forests at its ninth session:

The Forum should adopt a decision on intersessional activities, taking into account the outcome of the meeting of the Ad Hoc Expert Group. In such a decision, the Forum may wish to:

(a) Emphasize the importance of forests and the need for political will, awareness and commitment to urgent action at the national, regional and international levels;

(b) Emphasize the need to mainstream the interests of forest-dependent people, including indigenous peoples and local communities, in financing mechanisms for sustainable forest management, due to the importance of forests in securing poverty eradication, sustainable livelihoods and achieving the internationally agreed development goals, and recognizing the value of contributions from major groups;

(c) Invite substantive submissions by Governments, the member organizations of the Collaborative Partnership on Forests regional organizations and processes and major groups on forest-financing options, modalities and their possible structures, including a global forest fund and strengthening of existing and emerging mechanisms, and the advantages and disadvantages of those options, envisaged functions, requirements and deliverables of the different options, and request the secretariat of the United Nations Forum on Forests to separately compile those submissions to inform the work of the Ad Hoc Expert Group;

(d) Invite members of the Collaborative Partnership on Forests to report to the United Nations Forum on Forests at its tenth session on their ongoing and future actions on forest financing and to consider holding an open-ended organization-led initiative in support of the work of the Forum prior to the second meeting of the Ad Hoc Expert Group, and to focus, deepen and broaden their work in support of national-level action on financing sustainable forest management;

(e) Invite the Collaborative Partnership on Forests Advisory Group on Finance to update and expand its:

(i) Analyses with a focus on forest-related financing mechanisms, including funding gaps among the Rio Conventions (time frames, deliverables and the working modalities of funding mechanisms), addressing inter alia, financing, forests and climate change, including REDD-plus, arrangements pertaining to forest biological diversity in the framework of the Convention on Biological Diversity, relevant financing strategies and investment frameworks on sustainable land management under the United Nations Convention to Combat Desertification, the new sustainable forest management/REDD-plus Programme of GEF, as well as financial resources associated with the forest law enforcement governance and trade processes (forest law enforcement and governance and forest law enforcement, governance and trade) at the country and regional levels and keeping in mind the role of markets;

(ii) 2008 finance paper for the second meeting of the Ad Hoc Expert Group, and to provide proposals on ways to strengthen existing forest-related financing mechanisms, enhance coordination, improve access to their resources and identify how they fit into the broader forest-financing frameworks;

(f) Invite the secretariat of the United Nations Forum on Forests to deepen its collaborative work to address gaps and explore new opportunities on forest financing;

(g) Call upon Member States and international organizations to support implementation of all functions of the facilitative process, and strengthen collaboration with relevant partners on the initial outcomes of the facilitative process, in particular on small island developing States, low forest cover countries, Africa and least developed countries;

(h) Request the secretariat of the United Nations Forum on Forests in its work on the facilitative process, and in collaboration with the member organizations, of the Collaborative Partnership on Forests to:

(i) Work to remove barriers in access of countries to financing, including through building their capacities, and to further examine the effects, impacts and synergies of cross-sectoral and cross-institutional activities on forest finance;

(ii) Utilize the platform of the United Nations Forum on Forests to convene relevant financial institutions, such as regional and national banks, working in close concert with regional forest processes, to further develop and understand ways to mobilize resources and to mainstream the global objectives on forests in their programmes;

(i) Request the secretariat of the United Nations Forum on Forests, in close cooperation with the Collaborative Partnership on Forests and other key actors, to undertake work on REDD-plus and forest financing, including the implications of REDD-plus funding on broader forest financing to be undertaken within the facilitative process;

(j) In preparation for the second meeting of the Ad Hoc Expert Group, call for further collaboration and sharing of experiences with the private sector, building on lessons learned, given the importance of the private sector in providing

sustainable finance for sustainable forest management, and the crucial role of a stable and predictable enabling environment for their investments;

(k) Call for further collaboration and sharing of experiences among Governments to develop innovative financing mechanisms;

(l) Request the secretariat of the United Nations Forum on Forests, based on all of these submissions, to undertake an assessment, with a sense of urgency, of different options for the forest financing architecture, including a global forest fund and to prepare a note for the second meeting of the Ad Hoc Expert Group;

(m) Urge Member States to develop and implement national forest policy and legislation on financing for forests, including all of the functions of forests, and in so doing, consider the financing roles of key ministries, including, inter alia, agriculture, forestry, transportation, environment — with a focus on forests and biodiversity, climate change and water — and finance ministries, also keeping in mind the importance of integrating forests into poverty-reduction strategies or equivalent cross-cutting donor and finance mechanisms and report to the Ad Hoc Expert Group at its second meeting and the United Nations Forum on Forests at its tenth session on their progress and experience;

(n) Request the Co-Chairs of the first meeting of the Ad Hoc Expert Group to hold an open-ended informal consultation during the intersessional period;

(o) Recognize that only proposed actions which are part of the agreed biennial programme of work of the secretariat of the United Nations Forum on Forests are covered by the regular budget, that actions by the Collaborative Partnership on Forests and Member States will be undertaken by them, and that the remaining proposed intersessional actions require voluntary contributions to the United Nations Forum on Forests Trust Fund.

United Nations E/CN.18/2011/14

Economic and Social Council

Distr.: General
25 October 2010

Original: English

United Nations Forum on Forests
Ninth session
New York, 24 January-4 February 2011
Item 12 of the provisional agenda*
Forum Trust Fund

United Nations trust funds to support the United Nations Forum on Forests

Note by the Secretariat

Summary

The present note covers the programmatic activities, as at 22 October 2010, of the secretariat of the United Nations Forum on Forests funded from the Trust Fund in support of the Forum and the Technical Cooperation Trust Fund administered by the Capacity Development Office of the Department of Economic and Social Affairs. The generous contributions of donor countries to both trust funds are gratefully acknowledged. Without them, many implementing activities would not have been possible.

* E/CN.18/2011/1.

10-60240 (E) 121110

Please recycle

Contents

		Page
I.	Introduction	3
II.	Conference services for meetings of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing	4
III.	Travel by experts and representatives from developing countries and countries with economies in transition	4
IV.	Travel by staff members of the Forum secretariat	4
V.	Support for the Bureau in preparing for future sessions of the Forum	5
VI.	Temporary staff and general temporary assistance	5
VII.	Contributions to the trust funds	5
Annex		
	Contributions to the Trust Fund in support of the United Nations Forum on Forests and the Technical Cooperation Trust Fund administered by the Capacity Development Office, for the period from January to December 2010	6

I. Introduction

1. In paragraph 25 of United Nations Forum on Forests resolution 7/1 on the multi-year programme of work of the Forum for the period 2007-2015, interested donor Governments, financial institutions and other organizations were called upon to make voluntary financial contributions to the Forum Trust Fund. Other countries in a position to do so and other interested parties were also urged to contribute to the Fund. In order to ensure transparency, the Forum secretariat, as stated in paragraph 27, would report to the Forum at each session on the operation of the Forum Trust Fund, including on the amount and source of contributions and a description of how funds had been spent.

2. In 2010, the Forum secretariat carried out a series of activities financed by the Trust Fund in support of the United Nations Forum on Forests as well as the Technical Cooperation Trust Fund administered by the Capacity Development Office of the Department of Economic and Social Affairs. The activities were related to the Forum resolution on forests in a changing environment, adopted at the eighth session; the Forum resolution on means of implementation for sustainable forest management, adopted at the special session of the ninth session; and other aspects of the multi-year programme of work of the Forum for the period 2007-2015. The Trust Fund in support of the Forum was also used to supplement funds from the regular budget (programme 7: Economic and social affairs, subprogramme 9: Sustainable forest management) in implementing the programme of work for the first year of the current biennium.

3. The generous contributions of donor countries to the Trust Fund, which greatly enhanced the work of the Forum secretariat, are gratefully acknowledged. Indeed, given the current level of activity; that work would not have been possible without them. More specifically, the support provided by the Trust Fund for secretariat activities in 2010 covered costs related to, inter alia: (a) conference services for the meeting of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing held in Nairobi from 13 to 17 September 2010 and two smaller expert group meetings held in New York, on "Forests for people, livelihoods and poverty eradication" (23 April 2010) and "Regional processes and forest financing" (8 June 2010); (b) travel by representatives of developing countries, in particular least developed countries and countries with economies in transition, to expert group meetings as well as to the ninth session of the Forum; (c) travel by staff to participate in various forest-related meetings and events; (d) preparations by the Bureau for future sessions of the Forum, in accordance with Economic and Social Council decision 2007/278; and (e) salaries of temporary staff members of the Secretariat. The Technical Cooperation Trust Fund was used mainly for the launching of a facilitative process in accordance with the Forum resolution on means of implementation.

4. The 2010 allotment from the Trust Fund in support of the Forum is $1,725,736, inclusive of programme support costs. Contributions to the Trust Fund in 2010 to date amount to $670,208, or approximately only one third of the funds needed for the implementation of the programme of work for 2010.

5. In 2010, funding has been received by the Capacity Development Office for capacity-building projects. One of the projects funded is component 1 of the facilitative process, with $624,750 contributed by the Government of the United

Kingdom of Great Britain and Northern Ireland. In addition, $20,000 was contributed in 2009 by the Government of Switzerland to cover the costs of travel and services provided by the secretariat for the "Workshop on forest governance, decentralization and REDD+ in Latin America and the Caribbean: a country-led initiative in support of the United Nations Forum on Forests", held in Oaxaca, Mexico, from 31 August to 3 September 2010.

II. Conference services for meetings of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing

6. According to United Nations rules, ad hoc expert group meetings do not have an entitlement to interpretation services, which are provided for such meetings only on an "as available basis". As no interpretation services were available for the planned meetings of the Open-ended Intergovernmental Ad Hoc Expert Group on Forest Financing, the Forum secretariat was obliged to cover the related expenses through the Trust Fund.

Description	*Relationship to programme element of programme budget for the biennium 2010-2011*
Costs of conference services provided at the United Nations Office at Nairobi (13-17 September 2010), including conference rooms, technical support and interpretation in all United Nations languages	Programme budget for the biennium 2010-2011, output 9.79 (a) (i) a.

III. Travel by experts and representatives from developing countries and countries with economies in transition

7. Travel assistance was provided to facilitate the participation of representatives of developing countries and countries with economies in transition in the meeting of the Open-ended Intergovernmental Ad Hoc Expert Group held in Nairobi. At the time of writing, only $50,000 was available to support travel by representatives from developing countries and countries with economies in transition to participate in the ninth session of the Forum. Approximately $400,000 is required to cover such travel.

IV. Travel by staff members of the Forum secretariat

8. Staff members of the Forum secretariat participated in many key forest-related events, related to, inter alia, the Governing Council of the African Forest Forum, the tenth meeting of the Conference of the Parties to the Convention on Biological Diversity; the Global Partnership on Forest Landscape Restoration; the steering committee for the country-led initiative on forest governance, decentralization and REDD+ in Latin America and the Caribbean; the fourth Policy Board meeting of the

United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD); the Central African Forests and Institutions project; a Collaborative Programme session on "Enhancing cooperation and seeking coherence between REDD+ institutions to support countries' REDD+ efforts"; a meeting on reducing emissions from deforestation and forest degradation, and fragile economies; the Major Group-Led Initiative in Support of the Forum; a scoping meeting to discuss supporting the total restoration of degraded forest ecosystems in Rwanda; participation in a panel at the Seventh Annual American Renewable Energy Day Summit; the World Congress of the International Union of Forest Research Organizations; a meeting of the Collaborative Partnership on Forests; a seminar on "Developing an effective international legal instrument: learning from the experience of the ECE Conventions and beyond"; the International Symposium on Forest Governance Indicators; the annual meeting of the European Tropical Forest Advisory Group; the Open-ended Intergovernmental Ad Hoc Advisory Group on forest financing; the twentieth session of the Committee on Forestry; a meeting with regional officers of the German Agency for Technical Cooperation; the annual conference of the Sustainable Forestry Initiative; a meeting of the Forest Dialogue steering committee; the sixteenth Conference of the Parties to the United Nations Framework Convention on Climate Change; and the forty-sixth session of the International Tropical Timber Council and Associated Sessions of the Committees.

V. Support for the Bureau in preparing for future sessions of the Forum

9. In accordance with Economic and Social Council decision 2007/278, support can be provided to Bureau members by developing countries and countries with economies in transition to cover participation in at least one meeting a year of the Bureau held in or outside New York, through designated contributions to the Trust Fund. By the time of writing, the $41,000 contributed by Switzerland in 2009 had been exhausted.

VI. Temporary staff and general temporary assistance

10. Staff members at the Professional and other levels were engaged using the extrabudgetary resources of the Trust Fund. At the Professional level, temporary staff engaged included one each at the P-5, P-4 and P-3 levels; general temporary assistance staff included two at the P-4 level, two at the P-3 level and one at the P-2 level. Staff at other levels included three General Service support staff.

VII. Contributions to the trust funds

11. The contributions made in 2010 to the Trust Fund in support of the Forum and to the Technical Cooperation Trust Fund administered by the Capacity Development Office are reflected in the annex to the present note.

Annex

Contributions to the Trust Fund in support of the United Nations Forum on Forests and the Technical Cooperation Trust Fund administered by the Capacity Development Office, for the period from January to December 2010

(United States dollars)

Contributor	*2010-2011*	*Percentage*
Finland	150 208	11.6
Republic of Korea	20 000	1.5
United Kingdom of Great Britain and Northern Ireland (contribution managed by Capacity Development Office)	624 750	48.2
United States of America	500 000	38.6
Total	**1 294 958**	**100.0**

Notes:

1. In 2010, in addition to its contribution of $150,208, the Government of Finland has contributed to the cost of a Junior Programme Officer for a two-year period starting in October 2010, which amounts to approximately $320,000.
2. At the time of writing, the Government of Austria had pledged approximately $75,000 in support of the International Year of Forests, travel by representatives from developing countries to the ninth session of the Forum, and travel by Bureau members from developing countries and countries with economies in transition.
3. The Forum secretariat has signed a memorandum of understanding with the Global Environmental Facility for a contribution of $1 million for 2010-2012 in support of the facilitative process.
4. At the time of writing, the Forum secretariat expected to sign a memorandum of understanding with the Government of Germany for a contribution of $500,000 for 2010/11 in support of the facilitative process and the International Year of Forests, and a pending contribution of approximately $400,000 for 2011/12.
5. As at the time of writing, the Government of Norway had indicated that it would contribute approximately $400,000 to support the International Year of Forests and facilitative process activities.
6. The contribution from the Republic of Korea was received at the end of 2009.